

United States
Circuit Court of Appeals

For the Ninth Circuit.

SHERMAN, CLAY & COMPANY, a Corporation,
Appellant,

VS.

SEARCHLIGHT HORN COMPANY, a Corpora-
tion,
Appellee.

Transcript of Record.

Upon Appeal from the United States District Court for the
Northern District of California, Second Division.

Filed

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F. D. Munckton,
Clerk.

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[Clerk's Note: When deemed likely to be of an important nature, errors or doubtful matters appearing in the original certified record are printed literally in italic; and, likewise, cancelled matter appearing in the original certified record is printed and cancelled herein accordingly. When possible, an omission from the text is indicated by printing in italic the two words between which the omission seems to occur. Title heads inserted by the Clerk are enclosed within brackets.]

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Names and Addresses of Attorneys.

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Foxcroft Building, San Francisco, California.

JOHN H. MILLER, Esq., Attorney for Appellee,

Crocker Building, San Francisco, California.

In the District Court of the United States for the Northern District of California, Second Division.

SEARCHLIGHT HORN COMPANY,

Complainant,

vs.

SHERMAN, CLAY & COMPANY,

Defendant.

Bill of Complaint for Infringement of Patent.

To the Honorable the Judges of the District Court of the United States for the Northern District of California, Second Division, Sitting in Chancery:

The Searchlight Horn Company, a corporation created and existing under and by virtue of the laws of the State of New York and having its principal place of business in the city of New York in said State, complainant, brings this its bill of complaint against Sherman, Clay & Company, a corporation duly organized and existing under and

by virtue of the laws of the State of California, and having its principal place of business at the City and County of San Francisco, in the State of California, defendant, and thereupon your orator complains and says:

1. That at all the times hereinafter mentioned your orator was and still is a corporation organized and existing under and by virtue of the laws of the State of New York and having its principal place of business at the city of New York in the State of New York; and at all said times the defendant herein was and still is a corporation organized and existing under and by virtue of the laws of the State of California and having its principal place of business at the City and County of San Francisco, in [1*] the State of California.

2. That theretofore, to wit, on and prior to April 14, A. D. 1904, one Peter C. Nielsen a citizen of the United States residing at Greenport in the County of Kings, in the State of New York, was the original and first inventor of certain new and useful improvements in Horns for Phonographs and similar machines, more particularly described in the letters patent hereinafter referred to; that said improvements were new and useful inventions not known to or used by others in this country, nor patented or described in any printed publication in this or any foreign country before the said invention thereof by the said Nielsen, nor more than two years before the application of said Nielsen for a patent therefor hereinafter alleged, nor in public use or on sale in

*Page-number appearing at foot of page of original certified Record.

this country for more than two years prior to said application, and for which improvements no application for a foreign patent had been made or filed by him or his legal representatives or assigns in any foreign country more than 12 months prior to his application therefor and which improvements had not been abandoned by the said Nielsen.

3. And your orator further shows unto your Honors that heretofore, to wit, on April 14, A. D. 1904, said Peter C. Nielsen filed in the Patent Office of the United States an application in writing praying for the issuance to him of letters patent of the United States for said invention; that such proceedings were had and taken in the matter of said application by the officials of the Patent Office of the United States that thereafter to wit, on October 4, A. D. 1904, letters patent of the United States were granted, issued and delivered by the Government of the United States to the said Peter C. Nielsen whereby there was granted and secured to him, his heirs and assigns, for [2] the full term of seventeen years from said last named date the sole and exclusive right, liberty and privilege to make, use and sell the said invention throughout the United States of America and the territories thereof; the said letters patent were issued in due form of law in the name of the United States of America under the seal of the Patent Office of the United States, signed by the Commissioner of Patents of the United States, and bore date October 4, A. D. 1904, and were numbered 771,441, all of which together with a more particular description of the said invention will more fully ap-

pear from the said letters patent themselves, which are ready in court to be produced by your orator or a duly authenticated copy thereof.

4. That prior to the issuance of said letters patent all proceedings were had and taken which were required by law to be had and taken prior to the issuance of letters patent for new and useful inventions.

5. And your orator further shows unto your Honors that by a regular chain of assignments made in writing duly executed and acknowledged and recorded in the Patent Office of the United States, your orator heretofore, on January 4, 1907, became and ever since continuously has been and is now the sole owner and holder of the said letters patent and of all the rights, liberties and privileges by them granted and conferred throughout the United States of America and the territories thereof.

6. And your orator further shows unto your Honors that the invention covered by said letters patent and protected by the claims thereof is one of great value and utility, and your orator and its predecessors practiced the same extensively and made and sold large numbers of devices covered by said letters patent, and have expended large sums of money in introducing the same to the public and in making and selling said device, and upon each [3] one of said devices so made and sold by your orator the word "Patented" together with the date and number of said letters patent have been stamped and marked.

7. And your orator further shows unto your

Honors that heretofore, to wit, on the 9th day of May, 1911, your orator commenced an action at law in this Honorable Court against Sherman, Clay & Company, the defendant herein, and on that day filed its declaration in due form of law whereby it alleged all the facts hereinabove stated in this bill of complaint, and charged that the defendant, Sherman, Clay & Company, had infringed upon the said letters patent to your orator's great injury and damage in the sum of fifty thousand dollars, and prayed that a judgment be rendered against said defendant for said damages. That thereafter, to wit, on May 25, 1911, said defendant appeared in said action at law by its attorneys learned in the law and filed an answer denying all the allegations in the said declaration and thereafter, to wit, in due season and thirty days before the trial of said action filed a notice in writing, under section 4920 of the Revised Statutes, setting up that the said Nielsen was not the first or original inventor or any inventor of the invention described, claimed and patented in and by said letters patent, No. 771,441, but that long prior to the supposed invention thereof by the said Nielsen the thing sought to be patented by the said patent was shown, indicated, described and patented in and by certain prior patents of the United States and of Great Britain, which were specified by date and number, and that long prior to the supposed invention of said Nielsen the thing attempted to be covered by the said patent had been manufactured, used and sold by and known to others in this country, and the names and addresses of the persons alleged to

have had such prior knowledge and use and the places where the same were used were set up in detail in the said notice; that thereafter upon issues [4] so joined the said action at law came on duly and regularly for trial before the above-entitled court and a jury, which said trial commenced on the first day of October, 1912, and was completed on October 4th, 1912; that evidence was introduced by both sides and the case was fully and fairly tried on its merits and after argument by counsel on both sides was submitted to the jury for its decision; that thereupon, on the 4th day of October, 1912, said jury returned its verdict in favor of the plaintiff in said action, complainant herein, and against the defendant in said action, defendant herein, and assessed damages in favor of the plaintiff and against the defendant for the infringement aforesaid in the sum of \$3,578.00. Thereupon a judgment was duly made and entered in favor of the plaintiff and against the defendant for \$3,578.00 and the costs of suit, which said judgment has never been changed, altered or modified, but is still in force and effect.

8. And your orator further shows unto your Honors that within six years last past and also since the commencement of the aforesaid action at law, and since the rendition of the verdict and the entry of judgment therein as above recited, the defendant herein, without the license or consent of your orator, at the City and County of San Francisco and State of California, and elsewhere, has used and sold and is now using and selling horns for phonographs containing and embracing the invention described,

claimed and patented in and by the said letters patent, and particularly by claims 2 and 3 thereof; that the horns so used and sold as aforesaid by the defendant were and are known as the "Victor Phonographic Horns," and were made according to the specification of the said letters patent, No. 771,441, and contain and embrace the invention therein described, claimed and patented, and constituted and do constitute an infringement [5] upon claims 2 and 3 of the said letters patent; that the aforesaid horns and particularly the horns used and sold by the defendant since the commencement of the said action at law and since the rendition of the verdict and judgment therein were and are of the same identical design, form and construction as the horns which were held by the jury in said action at law to be an infringement upon claims 2 and 3 of the said Neilsen patent, it being a fact that since the rendition of the said verdict and the entry of the said judgment the defendant has continued to use and sell and is now using and selling the same style of horns and continuing the same infringement that it was guilty of prior thereto.

9. And your orator further shows unto your Honors that the defendant threatens and intends to continue, and, unless restrained by this Court, will continue to use and sell said infringing horns without the license or authority of your orator, and if defendant is permitted so to do your orator will suffer great and irreparable injury for which it has no plain, speedy or adequate remedy at law; that your orator has notified the defendant of the in-

fringement aforesaid and requested the defendant to cease and desist therefrom, yet nevertheless the defendant has continued after such notice to use and sell horns for phonographs containing the invention aforesaid.

10. And your orator alleges upon information and belief that the defendant has realized large gains and profits by reason of its said infringement aforesaid, the exact amount of which is unknown to your orator, and that your orator has suffered damages from and by reason of said infringement, the exact amount of which is likewise unknown to your orator.

[6]

11. And your orator further shows unto your Honors that if the defendant is allowed to continue its infringement aforesaid, your orator will suffer great loss and damage, and for the wrongs and injuries herein complained of your orator has no plain, speedy or adequate remedy in the ordinary course of law, and for as much as your orator is without remedy in the premises save in a court of equity where matters of this kind are properly cognizable and relievable,

To the end that the defendant, Sherman, Clay & Company, may, if it can, show why your orator should not have the relief herein prayed (but not under oath or seal, an answer under oath and seal being hereby waived), according to the best and utmost of the knowledge, recollection and belief of its officers, full, true direct and perfect answer make to all and singular the matters and things hereinabove charged, your orator prays that the said de-

fendant may be enjoined and restrained from infringing upon the said letters patent, and particularly upon claims 2 and 3 thereof, and be decreed to account for and pay over to your orator the gains and profits realized by the defendant, and in addition thereto the damages sustained by your orator by reason of the infringement of said letters patent aforesaid together with costs of suit.

May it please your Honors to grant unto your orator the writ of injunction issued out of and under the seal of this court upon the filing of the bill of complaint provisionally and until the final hearing, enjoining and restraining the said defendant, Sherman, Clay & Company, its agents, servants, officers, clerks employees and attorneys from making, using or selling any horns for phonographs or similar instruments containing the invention described in the specification of said letters patent and claimed and patented in and by claims 2 and 3 of said letters patent and that upon the final hearing of this case said injunction be made perpetual and that your orator may have such other and further [7] relief as to your Honors may seem meet and proper and in accordance with equity and good conscience.

May it please your Honors to grant unto your orator the writ of subpoena ad respondendum directed to the defendant Sherman, Clay & Company, commanding it by a day certain and under a certain penalty to be and appear in this Honorable Court then and there to answer this bill of complaint and to stand to and abide by such orders, directions and decrees as to your Honors shall seem meet and in

accordance with equity and good conscience.

And your orator will ever pray, etc.

SEARCHLIGHT HORN COMPANY,

Complainant.

[Seal Searchlight Horn Company.]

By WILLIAM H. LOCKE, Jr.,

President.

CHARLES P. BOGART,

Secretary.

JOHN H. MILLER and

WM. K. WHITE,

Solicitors and of Counsel for Com-
plainant,

Crocker Bldg., San Francisco, Cal.

United States of America,

Southern District of New York,

City and County of New York,—ss.

William H. Locke, Jr., being duly sworn, deposes and says: That he is president of Searchlight Horn Company, Complainant in the within entitled action; that he has read the foregoing bill of complaint and knows the contents thereof; that the same is true of his own knowledge, except as to the matters which are therein stated on his information or belief, and [8] as to those matters, that he believes it to be true.

WILLIAM H. LOCKE, Jr.

Subscribed and sworn to before me this 6th day of
November, 1912.

[Seal]

WILLIAM R. RUST,

Notary Public, Kings County.

Certificate filed in New York County.

No. 12,078.

State of New York,
County of New York,—ss.

I, WILLIAM F. SCHNEIDER, clerk of the County of New York, and also clerk of the Supreme Court for said county, the same being a court of record, DO HEREBY CERTIFY, That William R. Rust has filed in the clerk's office of the County of New York, a certified copy of his appointment and qualification as Notary Public for the County of Kings with his autograph signature, and was at the time of taking the annexed deposition duly authorized to take the same, and that I am well acquainted with the handwriting of said notary public, and believe that the signature to the annexed certificate is genuine.

IN TESTIMONY WHEREOF, I have hereunto set my hand and affixed the seal of the said court and county, the 6 day of Nov. 1912.

[Seal]

WM. F. SCHNEIDER,
Clerk.

[Endorsed]: Filed Nov. 25, 1912. W. B. Maling,
Clerk. By J. A. Schaertzer, Deputy Clerk. [9]

*In the District Court of the United States for the
Northern District of California, Second Division.*

No. 15,623.

SEARCHLIGHT HORN COMPANY,
Plaintiff,

vs.

SHERMAN, CLAY & COMPANY,
Defendant.

**Notice of Motion for Leave to File Supplemental
Bill.**

To the Clerk of the Above-entitled Court and to
Messrs. N. A. Acker and J. J. Scrivner, Solicitors
and Attorneys for Defendant:

Please take notice that on Monday, June 15th, 1914,
at the hour of ten o'clock A. M., or as soon thereafter
as counsel can be heard, plaintiff in the above-
entitled suit will move the Court at the courtroom
thereof in the City and County of San Francisco,
State of California, for leave to file a supplemental
bill in the said suit setting up and alleging material
facts occurring after the former bill of complaint
was filed and including the judgment or decree of the
United States Circuit Court of Appeals for the
Ninth Circuit made, rendered and entered after the
commencement of the above-entitled suit determin-
ing the matters in controversy or a part thereof,
which said supplemental bill is hereunto annexed and
hereby specially referred to and by such reference
made a part hereof.

The ground of said motion is that the said supplemental bill alleges material facts occurring after the former bill was filed including the judgment or decree of the United States Circuit Court of Appeals rendered after the commencement of the suit determining the matters in controversy or a part thereof. [10]

Upon the hearing of said motion plaintiff will use, read and refer to and reply on the papers and pleadings on file in the case and the papers and pleadings on file in that certain action at law by this same plaintiff against this same defendant in the above-entitled court No. 15,326, including the mandate of the United States Circuit Court of Appeals for the Ninth Circuit filed in this court on June 8, 1914.

Dated this 8th day of June, 1914.

Yours, etc.,

MILLER & WHITE,

Attorneys, Solicitors and Counsel for Plaintiff.
[11]

*In the District Court of the United States for the
Northern District of California, Second Division.*

No. 15,623.

SEARCHLIGHT HORN COMPANY,

Plaintiff,

vs.

SHERMAN, CLAY & COMPANY,

Defendant.

Supplemental Bill.

Now comes Searchlight Horn Company, plaintiff in the above-entitled suit, and by leave of court first had and obtained makes and files this supplemental bill alleging material facts occurring after the former bill in this case was filed including the judgment or decree of a competent court rendered after the commencement of the suit determining the matters in controversy or a part thereof, and by such supplemental bill plaintiff alleges as follows:

I.

That after the entry of the judgment in this Honorable Court in the action at law of this plaintiff against this defendant, referred to in paragraph 7 of the original bill wherein it is alleged that on October 4th, 1912, a judgment in said action at law was entered in favor of plaintiff against the defendant for three thousand five hundred and seventy-eight dollars (\$3,578.00) and costs of suit, and after the filing of the bill of complaint herein, plaintiff in said action at law voluntarily remitted from the said judgment of three thousand five hundred and seventy-eight dollars (\$3,578.00) all save and except the sum of one dollar (\$1.00), and thereafter, to wit, on June 2, 1913, the above-entitled Court accepted said remission and entered an [12] amended judgment in said action at law in favor of plaintiff and against the defendant for the sum of one dollar (\$1.00) and costs of suit, but in no other respect was the said judgment in the said action at law changed, altered or modified by the above-entitled Court; that

thereafter said Sherman, Clay & Company defendant in said action at law applied for, sued out and obtained a writ of error from the Circuit Court of Appeals of the United States for the Ninth Circuit to the District Court of the United States for the Northern District of California, whereby the said judgment of this court in the said action at law was removed to the said Circuit Court of Appeals for the Ninth Circuit for review; that said writ of error came on regularly for hearing and was argued by respective counsel in the said Circuit Court of Appeals of the United States for the Ninth Circuit and after a full hearing and consideration thereof upon the merits of the case by said last-named court, that is to say, on May 4th, 1914, the said Circuit Court of Appeals made and entered its judgment and decree affirming in all respects the final judgment which had been entered in said action at law by the District Court of the United States for the Northern District of California; that thereafter, to wit, on the fourth day of June, 1914, said Circuit Court of Appeals of the United States for the Ninth Circuit issued its mandate in said suit and thereafter, to wit, on June 8, 1914, said mandate was filed and it is now of record in the District Court of the United States for the Northern District of California.

WHEREFORE, plaintiff prays for judgment and decree in its favor and against the defendant as prayed for in the original bill. [13]

Dated June 8, 1914.

SEARCHLIGHT HORN COMPANY,

Plaintiff.

By JOHN H. MILLER,

Its Attorney.

JOHN H. MILLER,

WM. K. WHITE.

Solicitors, Attorneys and Counsel for Plaintiff.

United States of America,

Northern District of California,

City and County of San Francisco,—ss.

John H. Miller, being duly sworn, deposes and says that he is the attorney of the plaintiff in the within entitled action; that he has read the foregoing Supplemental Bill and knows the contents thereof; that the same is true of his own knowledge, except as to the matters which are therein stated on information or belief, and as to those matters, that he believes it to be true.

That the plaintiff is a New York corporation and has no other agent in California than affiant.

JOHN H. MILLER.

Subscribed and sworn to before me this 8th day of June, 1914.

[Seal]

GENEVIEVE S. DONELIN,

Notary Public in and for the City and County of San Francisco, State of California.

Service of the within Notice of Motion and Supplemental Bill admitted this 8th day of June A. D. 1914.

N. A. ACKER,

Attorney for Defendant.

[Endorsed]: Filed Jun. 11, 1914. W. B. Maling,
Clerk. By J. A. Schaertzer, Deputy Clerk. [14]

*District Court of the United States, in and for the
Northern District of California, Second Division.*

SEARCHLIGHT HORN COMPANY,
Plaintiff,
vs.
SHERMAN, CLAY & COMPANY,
Defendant.

**Answer of Sherman, Clay & Co. to the Bill of
Complaint.**

This defendant reserving all manner of exceptions that may be had to the uncertainty and imperfection of the Bill of Complaint herein, comes now and answer thereto or to so much thereof as it is advised is material to be answered, and says:

I.

Respondent denies that on or prior to April 14, 1904, or at any other time, or at all, one Peter C. Neilsen, mentioned in the Bill of Complaint herein, was the original and first inventor, or the original or first inventor, of certain improvements in horns for phonographs or similar machines. Denies that the said improvements mentioned in said Bill of Complaint were new and useful or new or useful inventions, and denies that the same were not known to or used by others in this country, and denies that they were not patented or described in any printed publication in this or any foreign country before the

said alleged invention thereof by the said Neilsen, and denies that the same were not known or described in any printed publication in this or any foreign country more than 2 years prior to the said alleged application of said Neilsen for a patent therefor, and denies that the same was not in public use or on sale in this country for more than 2 years prior to the said application [15] for said alleged patent.

II.

Respondent admits that a patent for an improvement for horns for phonographs and other similar instruments was issued to the said Neilsen as alleged in paragraphs 3 and 4 of the said Bill of Complaint.

III.

Respondent denies upon its information and belief that the complainant herein is now or ever was the owner of said letters patent.

IV.

Answering paragraph 6 of said Bill of Complaint, defendant avers that it has no information or knowledge sufficient to enable it to make answer thereunto, and upon all and each of the matters contained in said paragraph 6 the complainant is required to make due and competent proof.

V.

Answering paragraph 8 of said Bill of Complaint respondent denies that within 6 years last past or since or at any time or at all it ever used or sold or that it is now using or selling any horns for phonographs containing and embracing the invention described and claimed and patented in and by said

letters patent, or any or either of the claims thereof. Denies that any of the horns for phonographs ever used or sold by this respondent were made according to the specification of the said letters patent No. 771,441, and denies that any horns used or sold by this respondent embrace or embraced the invention therein described, claimed or patented, and denies that any such horns ever used by the said respondent were infringements upon claims 2 or 3 of said letters patent.

VI.

Answering paragraph 9 of said Bill of Complaint, [16] respondent denies that since the trial of the case mentioned in the Bill of Complaint that it has ever threatened or that it intends to continue to use or sell any of said horns until the final determination of this case.

VII.

Answering paragraph 10 of said Bill of Complaint, respondent avers that it has no knowledge or information sufficient to enable it to make answer thereto, and hereby requires competent proof thereof by the complaint.

VIII.

Answering paragraph 11 of said Bill of Complaint, defendant denies that the complainant will suffer great loss, or any loss or damage, by reason of the refusal of the Court to grant an injunction herein, or by reason of any wrongs or injuries committed by this defendant, and defendant avers that complainant has a plain, speedy and adequate remedy at law to recover any royalties or damage that might accrue

to it by reason of any infringement of said patent by this defendant.

IX.

Respondent further avers as a separate and special defense to this action that the said complainant and its predecessors in interest were and are guilty of laches, and are estopped from the prosecution of this action in equity for the reasons hereinafter stated, to wit: That said complainant and its predecessors, both as individuals and corporations, resided and had their places of business in and about the City of New York in the State of New York; that the Victor Talking Machine Company is a corporation organized and existing under the laws of the State of New Jersey and has and has had its principal place of business at Camden, New Jersey, during all the times herein stated; that the Tea Tray Company is also a corporation [17] organized and existing under the laws of the State of New Jersey and has its principal place of business at Newark, New Jersey; that the Edison Phonograph Company is also a corporation organized and existing under the laws of the State of New Jersey, and has had and now has its principal place of business at Orange, New Jersey; that the American Graphophone Company is also a corporation organized and existing under the laws of the State of West Virginia, and has its principal place of business at Bridgeport, Conn.; that the Columbia Phonograph Company is a corporation organized and existing under and by virtue of the laws of the State of New Jersey, and has its principal place of business at New York City,

New York; and defendant further avers that all of said corporations and others during all the times since the year 1904, or thereabouts, have been actively engaged in the manufacture, use, sale and public distribution of the style and class of horns used and sold by this defendant and which are claimed to be infringement of said patent; that they so made, sold and distributed the same to many wholesale and retail dealers throughout the United States; that the said manufacture, use and sale, and the distribution thereof to corporations and individuals and to wholesale and retail dealers in the immediate neighborhood and adjacent cities, towns and territory of the main office of said complainant has been public, general and notorious, and that said complainant and its predecessors have during all of said time had full knowledge of such manufacture, use, sale and distribution of said devices by the entire trade engaged in that line of business.

Defendant further avers that it purchased said goods from the Victor Talking Machine Company, and that it did so purchase and sell the same in perfect good faith, and at all [18] times ignorant that it was contended or claimed by the complainant or any of its predecessors that the horns sold by the Victor Talking Machine Company and others hereinbefore mentioned were infringements of the said Neilsen patent or in violation of any rights or privileges owned or claimed by the complainant herein. Defendant further avers that it never had any knowledge or any reason to suppose that the buying, selling or using of the devices heretofore sold

by it were infringements upon any rights of the complainant herein up to the time herein stated.

Defendant further avers that by reason of the said acts of said complainant and its predecessors in interest in permitting the public in general to manufacture, sell, distribute and use such horns, with its personal knowledge and consent, not only in its immediate neighborhood but throughout the entire country, this respondent was and has been greatly misled, and by the said acts of said complainant was led to suppose and did suppose that defendant and all other persons had a perfect legal right to manufacture, buy, sell, and use said phonographic horns.

Defendant further avers that for a period of more than 8 years last past the complainant has constantly, continuously and willfully disregarded and ignored any exclusive rights that it might have, or that may have been conferred upon it by the said Neilsen and his predecessors in interest by virtue of said patent, and have knowingly and willfully, and for the purpose, as defendant is informed and believes, of silently permitting and allowing the public to become involved in extensive infringements of said patent for the purpose of ultimately collecting large royalties and damages by reason of its stale claims for the infringements of said patent. [19]

Defendant further avers that it is informed and believes, and so stated the fact to be, that this Court sitting as a court of equity should not now exercise jurisdiction to enforce by equitable proceedings any rights that the complainant may have or might have had for the alleged infringement of said patent had

they pressed their claims within a reasonable time, and that said complainant is guilty of great laches and inequitable conduct, in so delaying the enforcement of their rights, and is now estopped from maintaining suits on the equity side of this Court for injunctions against, and accountings from the alleged infringers.

X.

For a further and special defense to said action the said defendant hereby gives notice that under and pursuant to the provisions of Section 4920 of the Revised Statutes of the United States, the defendant above named, will upon the trial of the above-entitled action prove and offer evidence tending to prove the following special matters, as a defense to said action, to wit:

That the horn for phonographs or similar machines patented by said Peter C. Neilsen, No. 771,441, dated October 4, 1904, mentioned in the declaration herein and sued on in this action, had been patented, fully shown, indicated and described prior to the alleged invention or discovery thereof by the said Peter C. Neilsen, in the following letters patent of the United States and foreign countries; and the names of patentees of said letters patent and the dates of said patents and when granted are here given, to wit:

No. 8824, dated and granted Dec. 7, 1857, to Frederick S. Shirley, for an improved Design for Glassware.

No. 10,235, dated and granted Sept. 11, 1877, to [20] Edward Cairns, for improved Design for

Speaking-Trumpets.

No. 34,907, dated and granted Aug. 6, 1901, to Charles McVeety and John F. Ford, for an improved Design for a Ship's Ventilator.

No. 72,422, dated and granted Dec. 17, 1867, to George S. Saxton, for improvements in Manufacture of Corrugated Bells.

No. 165,912, dated and granted July 27, 1875, to William H. Barnard, for improvements in Lamp-Chimneys.

No. 181,159, dated and granted Aug. 15, 1876, to Charles W. Fallows, for improvement in Toy Blow-Horns.

No. 187,589, dated and granted Feb. 20, 1877, to Emil Boesch for improvement in Reflectors.

No. 216,188, dated and granted June 3, 1879, to Thomas W. Irwin and George K. Reber, for improvement in Water-Conductors.

No. 240,038, dated and granted April 12, 1881, to Nathaniel C. Powelson and Charles Deavs, for improver Reflector.

No. 274,930, dated and granted April 3, 1883, to Isaac P. Frink, for improved Reflector for Chandeliers, etc.

No. 276,251, dated and granted April 24, 1883, to Philip Lesson, for improved Child's Rattle.

No. 337,972, dated and granted Mar. 16, 1886, to Henry McLaughlin, for improved Automatic Signal-Buoy.

No. 406,332, dated and granted July 2, 1889, to James C. Bayles, for improved Pipe or Tube.

No. 409,196, dated and granted Aug. 20, 1889, to

Charles L. Hart, for improved Sheet-Metal Pipe.

No. 427,685, dated and granted May 13, 1890, to James C. Bayles, for improved Pipe-Section.

No. 455,910, dated and granted July 14, 1891, to William J. Gordon, for improved Sheet-Metal Elbow or Shoe.

No. 612,639, dated and granted Oct. 18, 1898, to James [21] Clayton, for improved Audiphone.

No. 648,994, dated and granted May 8, 1900, to Major D. Porter, for improved Collapsible Acoustic Horn.

No. 651,368, dated and granted June 12, 1900, to John Lanz, for improved Composite Metal Beam or Column.

No. 699,928, dated and granted May 13, 1902, to Charles McVeety and John F. Ford, for improved Ship's Ventilator.

No. 705,126, dated and granted July 22, 1902, to George Osten and William P. Spalding, for improved Horn for Sound Recording and Reproducing Apparatus.

No. 738,342, dated and granted Sept. 8, 1903, to Albert S. Marten, for improved Interchangeable Sound-Amplifying Means for Talking or Sound-Reproducing Machines.

No. 739,954, dated and granted Sept. 29, 1903, to Gustave Harman Villy, for Horn for Phonographs, Ear-Trumpets, etc.

British Letters Patent No. 7594, dated and granted April 24, 1900, to William Phillips Thompson, for improvements in Graphophones or Phonographs.

British Letters Patent No. 17,786, dated and

granted August, 13, 1902, to Henry Fairbrother, for improvements in Phonographs and other Talking Machines.

British Letters Patent No. 20,567, dated and granted Sept. 20, 1902, to John Mesny Tourtel for improvements in Phonographs.

That prior to the year 1894 devices fully showing and describing and indicating the alleged invention patented by the said Peter C. Neilsen, No. 771,441, dated October 4, 1904, mentioned in the declaration herein and sued in this action, has been manufactured, sold and placed into use in this country, and were known to others in this country long prior to the alleged invention and discovery thereof by the said Peter C. Neilsen, the same having been manufactured, sold, placed into use and known to the following [22] named persons, to wit:

Manufactured and sold as early as the year 1893 by the Tea Tray Company, now located at the corner of Murraray and Mulberry Streets, Newark, New Jersey.

Manufactured and sold prior to the year 1896 by the firm of Noble and Brady, located and doing business in New Britain, Connecticut.

That the manufacture and use of such devices was known to John H. B. Conger, residing at #26 Van Ness Place, Newark, New Jersey; George C. Magill, residing at #31½ South 12th Street, Newark, New Jersey; Charles J. Eichhorn, whose address is corner Murraray and Mulberry Streets, Newark, New Jersey; Peter Shoeppler, residing at #48 N. Arlington Avenue, East Orange, New Jersey;

Thomas H. Brady, residing at #124 Washington Street, New Britain, Conn.; William J. Noble, residing at #109 Serton Street, New Britain, Conn.; August Doig, residing at #26 South High Street, New Britain, Conn.; James Conelly, residing at #164 Beaver Street, New Britain, Conn.; and that the devices manufactured and sold and known to the above-mentioned parties were used by the New Jersey Phonograph Company, whose place of business was at the corner of Orange and Plain Streets, in the City of Newark, New Jersey; North American Phonograph Company of #30 Park Place, New York City, New York, and by others whose names, addresses and places of business are unknown at this time, but when ascertained this defendant craves leave to incorporate in the notice herein given as to manufacture, sale, use and knowledge of the alleged invention contained in the letters patent in suit.

WHEREFORE defendant prays that the motion for a preliminary injunction herein be denied, and that the Bill of Complaint be [23] dismissed for want of equity.

N. A. ACKER,

J. J. SCRIVNER,

Sol. and Attorneys for Defendant.

N. A. ACKER,

J. J. SCRIVNER,

Of Counsel.

United States of America,
Northern District of California,
City and County of San Francisco,—ss.

Ferdinand W. Stephenson, being first duly sworn

deposes and says: That he is an officer, to wit: Secretary of the Sherman, Clay & Company, a corporation, the defendant named in the foregoing Answer; that he has read the said Answer and knows the contents thereof, and that the same is true of his own knowledge except as to the matters which are therein stated on information and belief, and that as to those matters he believes it to be true.

[Seal Sherman, Clay & Co.]

FERDINAND W. STEPHENSON.

Subscribed and sworn to before me this 31st day of December, 1912.

[Seal]

A. K. DAGGETT,

Notary Public in and for the City and County of San Francisco, State of California.

Due service and receipt of a copy of the within Ans. is hereby admitted this 2d day of January, 1913.

MILLER & WHITE,

Attorney for Plaintiff. [24]

[Endorsed]: Filed Jan. 4, 1913. W. B. Maling, Clerk. By J. A. Schaertzer, Deputy Clerk. [25]

In the District Court of the United States for the Northern District of California, Second Division.

IN EQUITY.—No. 15,623.

SEARCHLIGHT HORN COMPANY,

Plaintiff,

vs.

SHERMAN, CLAY & COMPANY,

Defendant.

Notice of Motion (for Injunction).

To Searchlight Horn Company and Messrs. Miller & White (Its Attorneys), Crocker Building, San Francisco, California.

Gentlemen: You will please take notice that on Monday, the 10th day of August, 1914, at 10 o'clock in the morning, or as soon thereafter as counsel can be heard, defendant will move this Court at the courtroom thereof, in the City and County of San Francisco, State of California, for an order enjoining you, the said Searchlight Horn Company, from the further prosecution of the above-entitled infringement suit brought against this defendant, Sherman, Clay & Company, and from bringing or instituting within the jurisdiction of this Court any other suit or suits of a similar nature for infringement against dealers of the Victor Talking Machine Company from whom the alleged infringing Phonographic Horns were purchased, and against which said Victor Talking Machine Company there is now pending in the District Court of the United [26] States for the District of New Jersey, Equity Suit No. 394 brought by the plaintiff herein—Searchlight Horn Company against said Victor Talking Machine Company for infringement of United States Letters Patent 771,441, the said letters patent being the same as the letters patent involved in the present suit and alleged to have been infringed by the defendant herein; the injunctive order herein asked for to continue and remain in full force and effect until accounting is had on any judgment which may be

obtained against the Victor Talking Machine Company in the above-mentioned Equity Suit No. 394 now pending in the District Court of the United States for the District of New Jersey.

Said motion is based, and I will rely at the hearing thereon upon the records and proceedings in this case, the affidavits of Andrew G. McCarthy, Charles K. Haddon, the accompanying Petition of Defendant herein, and the certified Bill of Complaint and Answer on file in said Equity Suit No. 394, now pending in the District Court of the United States, for the District of New Jersey, between the Searchlight Horn Company and the Victor Talking Machine Company, and the records of this court in that certain action at law No. 15,326, entitled Searchlight Horn Company vs. Sherman, Clay & Company.

SHERMAN, CLAY & COMPANY,

By N. A. ACKER,

Its Solicitor.

San Francisco, California, July 25, 1914. [27]

*In the District Court of the United States for
the Northern District of California, Second
Division.*

IN EQUITY—No. 15,623.

SEARCHLIGHT HORN COMPANY,

Plaintiff,

vs.

SHERMAN, CLAY & COMPANY,

Defendant.

**Defendant's Petition to Enjoin Prosecution of Suits
for Infringement.**

To the Honorable the Judges of the Above-entitled
Court:

Comes now the above-named defendant and gives
this Honorable Court to understand and be in-
formed:

I.

That the above-entitled suit is for the infringement
of United States Letters Patent No. 771,441, particu-
larly claims 2 and 3 thereof, by defendant, Sherman,
Clay & Company, who is a dealer in musical instru-
ments and musical supplies generally, for phono-
graphic horns, which the said defendant as a dealer
purchased from the Victor Talking Machine Com-
pany, the said phonographic horns alleged to be an
infringement of the letters patent in suit herein,
having been purchased from the said Victor Talk-
ing Machine Company for use in connection with
talking machines sold by musical dealers generally.

II.

That the present suit was filed in this court on or
about the 25th day of November, 1912, and a pre-
liminary injunction prayed for, which injunction
was granted on the 29th day of April, 1913. That
an appeal was duly taken to the United States Cir-
cuit Court of Appeals for the Ninth Circuit from
the order of this Court granting the said preliminary
injunction, which [28] appeal was argued before
the said Court of Appeals and submitted to said
Court. That on the 4th day of May, 1914, the said

Court of Appeals rendered its decision affirming the decree of this Court in the granting of the said preliminary injunction.

III.

That during the pendency of the said appeal to the United States Circuit Court of Appeals for the Ninth Circuit from the granting of the said preliminary injunction, and long prior to the rendition of any decision by the said Circuit Court of Appeals relative thereto, the plaintiff herein—the Searchlight Horn Company, commenced an action in Equity Suit No. 394 in the District Court of the United States for the District of New Jersey, against the Victor Talking Machine Company for infringement of the said United States Letters Patent No. 771,441, in suit herein, charging in and by its Bill of Complaint that the said Victor Talking Machine Company had infringed the said letters patent and more particularly claims 2 and 3 thereof, by the sale of phonographic horns of the same kind and identical with those supplied by the said Victor Talking Machine Company to the said defendant herein, Sherman, Clay & Company, and complained of as being an infringement of the letters patent in suit herein.

IV.

That in and by the Bill of Complaint filed in said Equity Suit No. 394, now pending in the said District Court of the United States for the District of New Jersey, prayer was made that the defendant to said action—the said Victor Talking Machine Company, be decreed to account for and pay over

unto the plaintiff thereto—Searchlight Horn Company, all the gains and profits realized by the said defendant by reason of said alleged infringement of said letters patent No. 771,441. [29]

V.

That the defendant, Victor Talking Machine Company, duly filed its Answer to the Bill of Complaint, re Equity Suit No. 394, and the said suit has been at issue ever since about the 13th day of September, 1913.

VI.

That in connection with said suit No. 394, the defendant thereto, the Victor Talking Machine Company, has taken its testimony under stipulation herein that the testimony taken by the defendant to the present suit may be used on behalf of the said defendant to Equity Suit No. 394, now pending in the District Court of the United States for the District of New Jersey, and the said Equity Suit No. 394 is now ready for hearing.

VII.

That your petitioner, the defendant herein, Sherman, Clay & Company, is one of the many hundred of dealers of the Victor Talking Machine Company, located and doing business throughout the territory of the United States of America, and shows unto your Honors that all of the phonographic horns complained of herein as infringement of the said letters patent in suit herein are phonographic horns purchased by the said defendant, Sherman, Clay & Company, from the said Victor Talking Machine Company, defendant to said Equity Suit No. 394.

VIII.

That your petitioner, defendant herein, Sherman, Clay & Company, is not engaged at this time and has not been for a long time past engaged in the selling of the said alleged infringing phonographic horns.

IX.

That in addition to the present suit pending against the defendant herein, one of the dealers of the Victor Talking [30] Machine Company, there is now pending in the District Court of the United States for the Southern District of California, Southern Division, action at law—#1625, brought by the plaintiff herein against Wiley B. Allen & Company, another dealer of the said Victor Talking Machine Company, said suit alleging infringement by said Wiley B. Allen & Company of the letters patent in suit herein for the same identical horns herein complained, and the same identical horns sold by the said Victor Talking Machine Company and alleged in said pending Equity Suit No. 394 to be an infringement of the letters patent herein.

X.

That the said plaintiff, Searchlight Horn Company has threatened and still threatens and continues to threaten to bring many other similar suits against dealers of the Victor Talking Machine Company, defendant to said pending action No. 394, and that unless restrained by this Honorable Court, will bring such suits and will prosecute the same, and will continue to prosecute the suits heretofore brought against said dealers.

XI.

That the said defendant to pending Equity Suit No. 394, Victor Talking Machine Company, is financially able to respond on an accounting to any judgment which may be rendered against it in connection with said pending suit No. 394, and whereas all of the Phonographic Horns complained of in the present case and equally so in the pending case against Wiley B. Allen & Company, are Phonographic Horns sold by the said Victor Talking Machine Company; they are each and all of them subject to said accounting on any judgment which may be obtained in said pending Equity Suit No. 394, and are all subject [31] to any such accounting and must be accounted for by the said Victor Talking Machine Company in said suit No. 394.

XII.

That the defendant herein is not a manufacturer of the Phonographic Horns herein complained of as an infringement of said letters patent in suit herein, but on the contrary, is merely one of the many dealers of the Victor Talking Machine Company, and procured from said company each and all of the Phonographic Horns herein complained of.

XIII.

That your petitioner, Sherman, Clay & Company shows unto your Honors that the plaintiff herein, Searchlight Horn Company, is not at this time engaged in the manufacture and sale of the Phonographic Horns covered by the letters patent in suit herein and has not been so engaged since the month of May, 1908.

XIV.

That your petitioner, Sherman, Clay & Company, shows unto your Honors that the plaintiff herein, the Searchlight Horn Company, when engaged in business prior to the month of May, 1908, manufactured and sold its patented Phonographic Horns to dealers throughout the United States, and was not a user of the same, but that said plaintiff derived its profit, whatever the same may have been, from its patented Phonographic Horns, solely by the manufacture and the unconditional sale thereof direct to the dealers engaged throughout the United States in the handling of said goods, and that upon the satisfaction by the said Victor Talking Machine Company of any judgment which may be rendered upon an accounting obtained in connection with said Equity Suit No. 394, now pending in the District Court of the United States for the District of [32] New Jersey, the infringing Phonographic Horns sold by said Victor Talking Machine Company to its numerous dealers throughout the United States will be released from the patent monopoly, and the defendant herein and other alleged infringing dealers of the said Victor Talking Machine Company, in this circuit and elsewhere throughout the United States, will not be liable to the Searchlight Horn Company, plaintiff herein.

XV.

That if the said Searchlight Horn Company be not restrained by this Court from continuing the prosecution of the present suit, and from bringing other suits of a like nature against dealers in this circuit

of the said Victor Talking Machine Company, irreparable injury and damage will result, by the loss to the said Victor Talking Machine Company of its dealers, who, on account of the harassment, annoyance and expense occasioned by the acts of the said Searchlight Horn Company, will fall away from the said Victor Talking Machine Company, and will cease to patronize the said company in the purchase of any and all machinery and accessories of every kind and nature incident to the talking machine business, and outside of and wholly foreign to the Phonographic Horns in question herein, for your petitioner shows unto your Honors that the said Victor Talking Machine Company is a manufacturer and seller of talking machines and accessories thereto and manufactures and sells many machines and apparatus in this line which have nothing to do with and are wholly foreign to the Phonographic Horns of the alleged letters patent in suit herein.

XVI.

That your petitioner, Sherman, Clay & Company, shows to your Honors that the purpose of the said Searchlight Horn Company in the acts and course which it is pursuing and [33] threatens to pursue, is to harass and annoy dealers of the Victor Talking Machine Company, and to harass and annoy the said Victor Talking Machine Company, and to put the said company, and equally so your petitioner and dealers generally of the said Victor Talking Machine Company, to needless expense by being called upon to defend a multiplicity of suits for alleged infringement of the letters patent in suit herein.

Inasmuch, therefore, as your petitioner is without any remedy, except in a court of equity, your petitioner prays for an order enjoining the said Searchlight Horn Company, plaintiff herein, from further prosecuting the said suit above named, and from bringing any more suits of a like nature against dealers in Phonographic Horns supplied by the Victor Talking Machine Company, for the infringement of said patent in suit herein, and sold to them by the said Victor Talking Machine Company, said injunction order to be continued until rendition of the judgment of the said District Court of the United States for the District of New Jersey, and upon the Master's report on an accounting of any such judgment as may be obtained by the plaintiff, Searchlight Horn Company, in connection with said Equity Suit No. 394, now pending in said District Court of the United States for the District of New Jersey, and your petitioner further prays that your Honors issue a restraining order against the said Searchlight Horn Company in the aforesaid matters until this petition is, upon proper motion herewith accompanying, heard and determined by your Honors.

And your Petitioner will ever pray.

SHERMAN, CLAY & COMPANY.

By N. A. ACKER.

Solicitor and Counsel for Deft. [34]

City and County of San Francisco,
State of California,—ss.

ANDREW G. McCARTHY, being duly sworn, on oath says: That he is one of the managing directors of the Sherman, Clay & Company named in the fore-

going petition to enjoin prosecution of suits for infringement; that he has read the said petition and knows the contents thereof, and that the same is true of his own knowledge.

ANDREW G. McCARTHY.

Subscribed and sworn to before me this 27th day of July, 1914.

[Seal]

D. B. RICHARDS,
Notary Public in and for the City and County of San Francisco, State of California. [35]

In the District Court of the United States for the Northern District of California, Second Division.

IN EQUITY—No. 15,623.

SEARCHLIGHT HORN COMPANY,

Plaintiff,

vs.

SHERMAN, CLAY & COMPANY,

Defendant.

Affidavit of Andrew G. McCarthy.

City and County of San Francisco,
State of California,—ss.

ANDREW G. McCARTHY, of the City and County of San Francisco, State of California, being first duly sworn, deposes and says:

That during all of the times hereinafter mentioned he was and still is one of the managing directors of the above-named defendant corporation,

Sherman, Clay & Company, and as such has full access to the books of said company and is familiar with all business dealings of the said company; that as one of the managing directors he has sole charge of the Talking Machine Department of the business of the said defendant corporation; that he was at all times heretofore and is now familiar with all the business of said defendant corporation connected with said Talking Machine Department; that the said Sherman, Clay & Company was made party defendant to action at law No. 15,326, filed in this court on the 16th day of May, 1911, by the Searchlight Horn Company for infringement by the said Sherman, Clay & Company of United States Letters Patent 771,441 involved herein by the sale of Phonographic Horns identical [36] with those complained of in the present suit; that the present suit was commenced after the 4th day of October, 1912, the date of the entry of the judgment in connection with said law case No. 15,326; that a preliminary injunction was granted by this Court in the present case, from the granting of which injunction order an appeal was taken to the United States Circuit Court of Appeals, for the Ninth Circuit, and said Court rendered its opinion on the 4th day of May, 1914, affirming the order of this Court in granting the said preliminary injunction; that since the rendition of the said decision of the said United States Circuit Court of Appeals, the defendant herein has not sold nor offered for sale any of the Phonographic Horns alleged in the Bill of Complaint herein to be an infringement of plaintiff's letters patent No. 771,441;

that all of the Phonographic Horns complained of herein and complained of in said law action No. 15,326 as being infringement of said United States Letters Patent No. 771,441, are Phonographic Horns purchased by the defendant herein from the Victor Talking Machine Company, a corporation located and doing business at Camden, New Jersey, which said company has been marketing, selling and offering said Phonographic Horns complained of herein to dealers generally throughout the United States since about the year 1905, and has largely distributed the said horns throughout the United States to a large number of dealers handling such class of goods; that said sale by the Victor Talking Machine Company of the Phonographic Horns herein complained of was well known to the plaintiff herein—the Searchlight Horn Company, that the plaintiff herein, Searchlight Horn Company, was not at the time of the commencement of this suit and is not at this time, as affiant is informed and believes, engaged in the manufacture and sale to dealers of the Phonographic Horns of the letters patent in suit herein, and the [37] said Searchlight Horn Company has not been so engaged in the manufacture and sale of said patented Phonographic Horns since about the month of May, 1908.

Affiant further says that since the commencement of the present suit and long prior to the rendition of the said decision of the United States Circuit Court of Appeals affirming the decision of this Court in the granting of the before mentioned preliminary injunction in this case, the plaintiff herein, Search-

light Horn Company instituted and commenced in the District Court of the United States for the District of New Jersey, Equity Suit No. 394, in which suit the before mentioned Victor Talking Machine Company is made the party defendant; that in said mentioned Equity Suit No. 394 the plaintiff herein and to said suit charged infringement by the said Victor Talking Machine Company of the United States Letters Patent in suit herein by the sale of the Phonographic Horns complained of in the present suit as being an infringement of the said letters patent in suit; that answer was filed by defendant to said Equity Suit No. 394 on or about September 13, 1913, and ever since said case has been at issue; that in said Equity Suit No. 394 a large amount of testimony has been taken, amounting to more than six hundred pages, under a stipulation in the present case that the testimony taken herein and which at this time has been taken by defendant herein, shall and may be used as testimony in the defense of said Equity Suit No. 394, and that said Equity Suit No. 394 is now ready for hearing so far as relates to the defendant thereto;

Affiant further states that the complainant herein, Searchlight Horn Company, when engaged prior to the month of May, 1908, in the manufacture of the said Phonographic Horn of the letters patent in suit herein, derived its revenue, whatever the same may have been, by the unconditional sale of the said patented [38] Phonographic Horns so manufactured, through the usual channels of trade to dealers throughout the United States engaged in the

handling of Phonographic Horns for use in connection with Talking Machines;

Affiant further says that in and by its Bill of Complaint filed in said Equity Suit No. 394 now pending and ready for hearing in the District Court of the United States for the District of New Jersey, the plaintiff herein, and plaintiff to said suit against the Victor Talking Machine Company, asked and prayed that the said Victor Talking Machine Company be restrained and enjoined from infringing the letters patent in suit therein which are the letters patent herein involved, and be decreed to account for and pay over unto the Searchlight Horn Company, the gains and profits realized by the Victor Talking Machine Company, and in addition thereto, the damages sustained by the said Searchlight Horn Company by reason of the alleged infringement of said letters patent, together with cost of suit.

Affiant further says that the said Victor Talking Machine Company, defendant to said Equity Suit No. 394, is financially able to respond to any judgment which may be rendered against it on any accounting had and obtained by the plaintiff, Searchlight Horn Company, in said pending Equity Suit No. 394, and that whereas all the Phonographic Horns complained of in the present suit are horns supplied by the said Victor Talking Machine Company to the said Sherman, Clay & Company, a dealer thereof, they are each and all subject to any accounting which may be had in said Equity Suit No. 394, and must be accounted for in said case.

Affiant further states that the Victor Talking Machine Company is willing and well able to respond

unto the plaintiff—Searchlight Horn Company, to any and all sums which the Master [39] may find unto said plaintiff, on an accounting on any judgment in said Equity Suit No. 394 rendered against the Victor Talking Machine Company in connection with each and all of said alleged infringing Phonographic Horns.

Affiant further states that in addition to the action at law and the present equity suit brought by plaintiff, Searchlight Horn Company, against the defendant herein, dealer of the Victor Talking Machine Company, the plaintiff hereto has pending in the District Court of the United States for the Southern District of California, Southern Division, a further suit against one Wiley B. Allen & Company, a dealer of the Victor Talking Machine Company, for infringement of the letters patent herein, by the sale of the same identical type of Phonographic Horns herein complained of, and which horns involved in said mentioned action are horns supplied to the said Wiley B. Allen & Company by the said Victor Talking Machine Company.

Affiant further states that all of the Phonographic Horns referred to in the various suits before mentioned are horns supplied to the defendants thereto as dealers by the said Victor Talking Machine Company.

Affiant further says that to permit the suits herein to be continued and prosecuted at this time against dealers of the Victor Talking Machine Company will create a needless and heavy expense to the various defendants, and to this defendant, which expense is

needless at this time, inasmuch as the entire matter can be settled and adjusted before the Master on an accounting from any judgment which may be obtained against the Victor Talking Machine Company, defendant to said pending Equity Suit No. 394, and that such an accounting will dispose of the entire matter in so far as the same relates to the dealers of the Victor Talking Machine Company and give unto the plaintiff herein all that it is [40] justly entitled to for each and every of the alleged infringing Phonographic Horns supplied by the said Victor Talking Machine Company to its various dealers located throughout the United States, and for each and every of the alleged infringing Phonographic Horns sold by this defendant, Sherman, Clay & Company.

That plaintiff herein receives no revenue from the patented Phonographic Horns of the patent in suit by way of royalties under any license agreement entered into prior to the commencement of any of the suits herein mentioned, or the granting of licenses for the use of the said patented Phonographic Horns; the entire profit made by the plaintiff herein when engaged in the manufacture of said patented article being, as above stated, derived by the manufacture and outright sale of the said horns to musical dealers throughout the United States handling such class of goods.

Further affiant saith not.

ANDREW G. McCARTHY.

Subscribed and sworn to before me this 27th day of July, 1914.

[Seal]

D. B. RICHARDS,

Notary Public in and for the City and County of San Francisco, State of California. [41]

*District Court of the United States for the Northern
District of California, Second Division.*

IN EQUITY—No. 15,623.

SEARCHLIGHT HORN COMPANY,

Plaintiff,

vs.

SHERMAN, CLAY & COMPANY,

Defendant.

Affidavit of Charles K. Haddon.

State of New Jersey,

County of Camden,—ss.

CHARLES K. HADDON, being duly sworn, deposes and says as follows:

That he is a resident of Haddonfield, County of Camden, and State of New Jersey;

That he is a stockholder in the Victor Talking Machine Company, a corporation duly organized and existing under and pursuant to the laws of the State of New Jersey; that he has been a director in said company since its incorporation, and is now Vice-President of said company and has full knowledge of the affairs of said company;

That said Victor Talking Machine Company is and always has been engaged in the manufacture and

marketing of disc talking machines and disc records of the "Gramophone" type and accessories thereto; that prior to the year 1905 said Victor Talking Machine Company sold, in connection with the talking machines manufactured by it, horns to be used upon its machines in the reproduction of sounds recorded on its disc talking machine records; that said [42] horns so sold by said Victor Talking Machine Company were of various forms and types, some of said horns conforming to those claimed by the plaintiff in the above-entitled suit to be in infringement of U. S. Letters Patent No. 771,441, granted to Peter C. Nielsen on the 4th day of October, 1904, for an Improved Horn for Phonographs or similar machines, and which said letters patent are claimed to be owned and controlled by said plaintiff in the above-entitled suit;

That the defendant, Sherman, Clay & Company, in the above-entitled suit is one of many concerns throughout the United States which market the product of the said Victor Talking Machine Company, and the horns marketed by the said Sherman, Clay & Company, and claimed by the plaintiff in the above-entitled suit to be in infringement of said letters patent No. 771,441 were horns sold by said Victor Talking Machine Company and obtained by said Sherman, Clay & Company through the usual channels of trade; that throughout the United States there are more than seven thousand concerns marketing the product of said Victor Talking Machine Company, including amplifying horns obtained from said

Victor Talking Machine Company of the same construction and arrangement as the horns obtained by said Sherman, Clay & Company from said Victor Talking Machine Company and claimed by the plaintiff in the above-entitled suit to be in infringement of said Nielsen patent No. 771,441;

That in addition to the above-entitled suit now pending in the District Court of the United States for the Northern District of California, Second Division, the said plaintiff, Searchlight Horn Company, has pending in the District Court of the United States for the Southern District of California, Southern Division, an action at law against the Wiley B. Allen Company for alleged infringement of said letters patent No. 771,441, the claim for infringement being based on the same horn or construction of horn as that claimed by the plaintiff in the above-entitled suit to be in infringement [43] of said Nielsen patent; that said The Wiley B. Allen Company is a concern marketing the products of the said Victor Talking Machine Company, and the horns claimed by the plaintiff in the said suit against said The Wiley B. Allen Company to be in infringement of said Nielsen patent No. 771,441 are horns which were obtained by said The Wiley B. Allen Company through the usual channels of trade from said Victor Talking Machine Company;

That in addition to the above-mentioned suits there is now pending in the District Court of the United States for the District of New Jersey a suit in equity, No. 394, the same being a suit brought July 29, 1913, by said Searchlight Horn Company, plaintiff herein,

against said Victor Talking Machine Company, alleging infringement by said Victor Talking Machine Company of said Nielsen patent No. 771,441, by the sale of amplifying horns for talking machines, said horns alleged to be in infringement in said suit, No. 394, pending in the United States District Court for the District of New Jersey being the same in all respects as the horns alleged in the above-entitled suit to be in infringement of said Nielsen patent;

That said defendant, Victor Talking Machine Company, in said suit No. 394, through its counsel, duly filed on September 15, 1913, an Answer to the Bill of Complaint, and said suit No. 394 has since September 15, 1913, been at issue; that said Searchlight Horn Company in said equity suit No. 394 in its Bill of Complaint therein as filed, and as is now on file, prays for a preliminary and a perpetual injunction against the said defendant, Victor Talking Machine Company, and that said defendant, Victor Talking Machine Company be decreed to account for and pay over unto said complainant, Searchlight Horn Company, the damages, profits and gains occasioned by reason of the alleged infringement of said Nielsen patent No. 771,441 in issue therein, being the same letters patent involved in the above-entitled [44] suit; that proofs and testimony have been taken by the defendant, Victor Talking Machine Company, in said Equity Suit No. 394, and that the said suit so far as relates to said defendant, Victor Talking Machine Company, is in condition to be set down for final hearing and the issues therein involved may be determined at a comparatively early date, depending en-

tirely upon the action of said Searchlight Horn Company, complainant in said suit;

That while said plaintiff in the above-entitled suit has at this time only two suits pending against dealers of said Victor Talking Machine Company, affiant is informed and believes and is advised that said plaintiff, Searchlight Horn Company, has threatened and still threatens and continues to threaten to bring many other similar suits against many of the dealers of the said Victor Talking Machine Company;

That said defendants to said suits pending in the Ninth Circuit brought by said Searchlight Horn Company are dealers of said Victor Talking Machine Company, and the acts of alleged infringement complained of in the said suits are by the sale by the said defendants of amplifying horns sold by the said Victor Talking Machine Company, defendant in said Equity Suit No. 394, now pending in the District Court of the United States for the District of New Jersey, as aforesaid; that to the best of affiant's information, knowledge and belief, unless said Searchlight Horn Company is restrained by this Honorable Court, it will bring innumerable suits within the Northern District of California against dealers within the jurisdiction of this court handling the products of said Victor Talking Machine Company and will prosecute the same, and will continue to prosecute the suits heretofore brought, as aforesaid, against the dealers of the said Victor Talking Machine Company;

That said Victor Talking Machine Company is amply able [45] to respond financially to any judgment which may be rendered against it in said

Equity Suit No. 394 now pending in the United States District Court for the District of New Jersey, and that whereas, as I am informed and believe, all of the amplifying horns complained of in the suits now pending against the defendants in the Ninth Circuit are against dealers of said Victor Talking Machine Company for horns sold by said Victor Talking Machine Company, and said horns are, as I am advised, each and all subject to such accounting, if any, as may be had and judgment rendered against said Victor Talking Machine Company in Equity Suit No. 394;

That said Searchlight Horn Company, alleged owner of said Nielsen patent No. 771,441 was not at the time of the commencement of this suit, so far as affiant is aware, engaged in the manufacture of horns or any other device or apparatus; that said Searchlight Horn Company went out of business about the month of May, 1908, as shown by the proofs in the action at law, No. 15,326, which was an action for damages brought by said Searchlight Horn Company against said Sherman, Clay & Company, based on alleged infringement of said Nielsen patent No. 771,441, in the District Court of the United States for the Northern District of California, Second Division;

That said Searchlight Horn Company derived its sole revenue, if any, from the manufacture of horns and the sale thereof *though* the usual channels of trade to dealers throughout the United States, its products, so far as relates to horns, being distributed to the users thereof through dealers or jobbers working in connection with said dealers, and the sale rev-

enue, if any, derived by said Searchlight Horn Company from said horns was by way of profits, if any, due to the sale of the said manufactured horns in the manner above alleged; [46]

That the horns handled by said Victor Talking Machine Company and complained of in the various mentioned suits as being alleged infringement of said Nielsen patent claimed to be owned and controlled by said Searchlight Horn Company are placed before the public through the various dealers in the United States marketing and handling the products of said Victor Talking Machine Company, and its profits on the said horns were derived by the sale thereof through the usual trade channels;

That affiant is advised that if said Victor Talking Machine Company satisfies any judgments, if any, which may be obtained against it in connection with said Equity Suit No. 394 now pending in the United States District Court for the District of New Jersey, the various dealers throughout the United States who have heretofore marketed, and who may now be marketing the horns complained of as alleged infringements will be released from any claim for damages in connection with the handling of the aforesaid infringing horns by said dealers, and the said defendants to the various suits now pending and above named will not be liable therefor to the said Searchlight Horn Company;

That the bringing of suits for alleged infringement against the dealers of said Victor Talking Machine Company and the prosecution thereof while there is

a suit pending, as before alleged, in said United States Circuit Court for the District of New Jersey against said Victor Talking Machine Company, will work an irreparable injury and damage to said Victor Talking Machine Company by the loss to it of its customers, who on account of the harassment, annoyance and expense occasioned by the acts of said Searchlight Horn Company will fall away from said Victor Talking Machine Company in its general business, and will cease to patronize the said company in the marketing of any of its products relative to the talking machine business and products outside of and foreign to the amplifying horns complained of as alleged infringements [47] of the said Nielsen patent, inasmuch as the Victor Talking Machine Company manufactures and markets talking machines generally, together with all accessories or supplies incident thereto, and which machines and accessories in this line have nothing to do with the amplifying horns alleged to be in infringement of said Nielsen patent No. 771,441;

That affiant believes, and therefore states, that the purpose of the said Searchlight Horn Company in the acts and course it is pursuing, and threatens to pursue, is to harass and annoy said Victor Talking Machine Company's customers and to put said customers to needless expense, and thereby destroy and break down the established business of said Victor Talking Machine Company, all of which acts will result in irreparable damage and injury to said Victor Talking Machine Company;

That, as before stated, a full and complete recovery

may be had by said Searchlight Horn Company on any judgment, if any, which may be rendered against said Victor Talking Machine Company in connection with Equity Suit No. 394 now pending in said District Court of the United States for the District of New Jersey and on any accounting, if any be decreed in the said suit, said Searchlight Horn Company can require said Victor Talking Machine Company to account for any and all horns, if any, which may be held to be an infringement of said Nielsen patent No. 771,441, marketed or sold by the said Victor Talking Machine Company to its dealers.

And further affiant saith not.

CHARLES K. HADDON.

Sworn to and subscribed before me this 24th day of July, A. D. 1914.

[Seal]

CHARLES F. WILLARD,

Notary Public.

My commission expires July 28th, 1918. [48]

*In the District Court of the United States for the
District of New Jersey.*

SEARCHLIGHT HORN COMPANY,

Plaintiff,

vs.

VICTOR TALKING MACHINE COMPANY,

Defendant.

**Bill of Complaint for Infringement of Patent No.
771,441.**

Now comes the Searchlight Horn Company, plaintiff in the above-entitled suit and files this its bill of complaint against Victor Talking Machine Company, defendant, and for cause of action alleges:

1. That the full name of the plaintiff is Searchlight Horn Company, and during all the time of the infringement hereinafter complained of, plaintiff was and still is a corporation created under the laws of the State of New York and having its principal place of business at the City of New York, in the State of New York.

2. That the full name of the defendant is Victor Talking Machine Company, and at all the times hereinafter mentioned said defendant was and still is a corporation created and existing under and by virtue of the laws of the State of New Jersey and having its principal place of business at the City of Camden, in the State of New Jersey.

3. That the ground upon which the Court's jurisdiction depends is that this is a suit in equity arising under the patent laws of the United States.

4. That heretofore, to wit, on October 4, A. D. 1904, the Government of the United States granted, issued and delivered [49] to one Peter C. Nielsen letters patent of the United States for a new and useful invention, to wit, a horn for phonographs and similar machines; that said letters patent bore date October 4, A. D. 1904, and were numbered 771,441, and granted to the said Nielsen and his heirs and assigns the sole and exclusive right to make,

use and vend the said invention throughout the United States of America and the territories thereof during the period of seventeen years from October 4, A. D. 1904; that a more particular description of the invention patented in and by said letters patent will fully appear from said letters patent which are ready in court to be produced by plaintiff or a duly authenticated copy thereof and of which profert is hereby made.

5. That heretofore, to wit, on January 4, A. D. 1907, by an assignment in writing plaintiff became and ever since has been and is now the sole owner and holder of said letters patent and all the rights thereby granted.

6. That since January 4th, A. D. 1907, plaintiff has made and sold devices covered and claimed by said letters patent and upon each of said devices has marked the word "Patented," together with the date and number of said letters patent.

7. That prior to May 9th, 1911, the Victor Talking Machine Company, defendant herein, had manufactured or caused to be manufactured a large number of phonograph horns called and styled "Victor Flower Horns," and had sold some of said horns, to wit, over 7156 thereof to Sherman, Clay & Company, a corporation created under the laws of the State of California and having its principal place of business in the City and County of San Francisco, in the State of California, to be by said Sherman, Clay & Company resold on the Pacific Coast as the distributing agent of Victor Talking Machine Company; that thereupon, to wit, on May 9, 1911, plain-

tiff herein commenced an action at law in the District Court of [50] the United States for the Northern District of California against Sherman, Clay & Company, and on that day filed its declaration whereby it alleged the issuance of said letters patent, No. 771,441, to Peter C. Nielsen and the assignment to and ownership thereof by the plaintiff since January 4, A. D. 1907, and that Sherman, Clay & Company had infringed upon claims 2 and 3 of said letters patent by the sale of said Victor Flower Horns whereby plaintiff had been damaged in a large sum, to wit: Fifty Thousand Dollars, and prayed that judgment be rendered against said Sherman, Clay & Company for said damages; that immediately after said action was commenced, Sherman, Clay & Company notified the Victor Talking Machine Company of the same and requested said last-named company to take charge of and to control and conduct the defense thereof; that thereupon, the Victor Talking Machine Company, in pursuance of said request, took upon itself and assumed full and entire charge and control of the defense thereof openly and to the knowledge of plaintiff, and afterwards, to wit, on May 25, A. D. 1911, in the name of and on behalf of Sherman, Clay & Company, filed an answer denying all the allegations of said declaration, and thereafter, to wit, within thirty days before the trial of the said action, filed a notice in writing under section 4920 of the Revised Statutes of the United States setting up that said Nielsen was not the first or original or any inventor of the thing patented in and by said letters patent, No. 771,441,

but that prior to the supposed invention thereof by the said Nielsen the thing patented had been shown, described and patented in and by certain prior letters patent of the United States and foreign countries which were specified by numbers and dates, and that prior to the supposed invention by the said Nielsen of the thing patented, the same had been made, used and sold by and was known to others in this country, and the names and residences of the persons alleged to have had such prior [51] knowledge and use, together with the places where the same was alleged to have been used, were set up in detail in the said notice; that upon the issues so joined, the said action at law came on for trial before the said District Court of the United States for the Northern District of California, and a jury of twelve men duly empaneled to try the same, which said trial was commenced on October 1, 1912, and was concluded on October 4, 1912; that evidence both documentary and oral was introduced by both sides and the case was fully and fairly tried on its merits, and after argument by counsel on both sides, was submitted to the jury for decision; that thereafter, to wit, on October 8, 1912, said jury returned its verdict in said action in favor of the plaintiff and against the defendant therein to the effect that said letters patent were good and valid in law and that defendant had infringed upon claims 2 and 3 thereof; and assessed damages for said infringement in favor of said plaintiff and against the defendant in the sum of \$3578.00; that thereupon a final judgment was duly made and entered in the said action

in favor of the plaintiff and against the said defendant, Sherman, Clay & Company, for the sum of \$3578.00 and costs of suit; that thereafter in due season, defendant in said action petitioned said Court for a new trial and after argument of counsel and due consideration of the matter by said Court said motion for a new trial was denied by the Court; thereafter the plaintiff in said action voluntarily remitted from the amount of said money judgment all of the same over and above the sum of \$1.00; that said judgment has never been otherwise changed, altered or modified, but is still in full force and effect; that at all times during the pendency of said action, the Victor Talking Machine Company, at the request and by and with the consent of Sherman, Clay & Company, and to the knowledge of the plaintiff, assumed and exercised full, complete and entire control, management and direction of the [52] defense of said action, selected, employed and paid the attorneys and counsel who conducted said defense and tried said action, and paid all the costs, charges and expenses of the defense of said action and placed itself in privity with the defendant therein as fully and completely as though said Victor Talking Machine Co. had been named and designated a party defendant therein; that all of the doings and acts aforesaid in respect of said defense by said Victor Talking Machine Co. were taken and performed openly without any secrecy or concealment and to and within the knowledge of plaintiff, whereby, as this plaintiff is informed and believes and therefore charges, said Victor Talking Machine

Company became and was and is bound and concluded by said judgment in respect of the validity of said patent and the infringement thereof as fully and completely as if the said action had been and was brought and said judgment made and entered directly against said Victor Talking Machine Company personally and by name.

8. That within and during six years last past the defendant herein without the license or consent of plaintiff, in the District of New Jersey and elsewhere, has made, used, and sold horns for phonographs in large numbers, which plaintiff alleges on information and belief to be over five hundred thousand, containing and embracing the invention patented in and by claims 2 and 3 of the said letters patent, No. 771,441, and thereby has infringed and is now infringing upon said letters patent; that the said infringing horns so made, used and sold by the defendant were and are styled "Victor Flower Horns," and were and are of the same form, design, construction and mode of operation as the horns involved in the said action at law against Sherman, Clay & Company.

9. That by reason of the infringement aforesaid, the [53] defendant has realized profits and the plaintiff has suffered damages, but the amount of such profits and damages is unknown to plaintiff and can be ascertained only by an accounting.

10. That the plaintiff has requested the defendant to desist from further infringement of said letters patent and to account to plaintiff for the damages suffered by plaintiff and the profits realized by

defendant from and by reason of said infringement, but the defendant has failed and refused to comply with said request or any part thereof, and is now extensively selling said infringing horns.

11. That the defendant threatens and intends to continue said infringement and unless restrained therefrom by this Court will continue to so infringe, whereby plaintiff will suffer great and irreparable injury, for which it has no plain, speedy or adequate remedy at law.

WHEREFORE, plaintiff prays:

First: That upon the filing of this bill a preliminary injunction be granted enjoining and restraining the defendant, its officers, agents, servants, workmen and employees, pending the suit and until the further order of the Court from making, using or selling, or threatening, or advertising or offering to make, use or sell any horns for phonographs containing the invention patented in and by said letters patent, No. 771,441, and from infringing upon said letters patent in any manner whatever or aiding or abetting or contributing to any such infringement.

Second: That upon the final hearing the defendant, its officers, agents, servants, workmen and employees, be permanently and finally enjoined and restrained from making, [54] using or selling any horns for phonographs or other machines containing the invention patented in and by the said letters patent No. 771,441, and from threatening, or advertising, or offering to make, use or sell any such horns and from infringing upon said letters patent in any manner whatever, or aiding, abetting,

or contributing to any such infringement, and that the writ of injunction accordingly be issued out of and under the seal of this court enjoining the defendant, its officers, agents, servants, workmen, and employees as aforesaid.

Third: That it be ordered, adjudged and decreed that the plaintiff have and recover from the defendant the profits realized by the defendant and the damages sustained by the plaintiff from and by reason of the infringement aforesaid, together with costs of suit and such other and further relief as to the Court may seem proper and in accordance with equity and good conscience.

Fourth: That upon the filing of this bill, the writ of subpoena ad respondendum be issued, directed to Victor Talking Machine Company, the defendant herein, commanding it to appear and answer this bill of complaint in accordance with the rules of the Court.

DUNCAN & DUNCAN and
JOHN H. MILLER,

Solicitors for Plaintiff.

FREDERICK S. DUNCAN and
JOHN H. MILLER,

Of Counsel with Plaintiff. [55]

United States of America,
Southern District of New York,
County of New York,—ss.

Wm. H. Locke, Jr., being duly sworn, deposes and says that he is president of Searchlight Horn Co., plaintiff in the within-entitled action; that he has read the foregoing bill of complaint and knows the

contents thereof; that the same is true of his own knowledge, except as to the matters which are therein stated on his information or belief, and as to those matters, that he believes it to be true.

WILLIAM H. LOCKE, Jr.

Subscribed and sworn to before me this 28th day of July, 1913.

[Seal]

JESSIE B. KAY,

Notary Public New York Co.

United States of America,
District of New Jersey,—ss.

I, George T. Cranmer, clerk of the District Court of the United States of America, for the District of New Jersey, in the Third Circuit, do hereby certify the foregoing to be a true copy of the original Bill of Complaint on file, and now remaining among the records of the said court, in my office.

IN TESTIMONY WHEREOF, I have hereunto subscribed my name and affixed the seal of the said court, at Trenton, in said District, this Twenty-fourth day of July, nineteen hundred and fourteen.

[Seal]

GEORGE T. CRANMER,

Clerk District Court, U. S.

By C. S. Chevrier,

Deputy. [56]

[Endorsed]: 8-28. #394. United States District Court, District of New Jersey. Searchlight Horn Company vs. Victor Talking Machine Company. Bill of Complaint. Miller & White, Attorneys at Law, Crocker Building, San Francisco, Cal., for Plaintiff. Filed July 29, 1913. [57]

*In the District Court of the United States, for the
District of New Jersey.*

IN EQUITY—No. 394.

SUIT ON NIELSEN PATENT NO. 771,441.
SEARCHLIGHT HORN COMPANY,

Plaintiff,

vs.

VICTOR TALKING MACHINE COMPANY,
Defendant.

Answer.

To the Honorable, the Judges of the United States
District Court, for the District of New Jersey;

The defendant, Victor Talking Machine Company, appearing by its solicitor, Horace Pettit, Esq., and answering the Bill of Complaint herein, says:

1. Defendant is without knowledge as to whether the full name of the plaintiff is Searchlight Horn Company, or during all the time of the alleged infringement complained of in the Bill of Complaint the plaintiff was and still is a corporation created under the laws of the State of New Jersey and having its principal place of business at the City of New York, in the State of New York, and calls upon the plaintiff for proof thereof.

2. Defendant admits that it is a corporation organized and existing under and by virtue of the laws of the State of New Jersey, and has its principal place of business at the City of Camden, in the State of New Jersey.

3. Upon information and belief, defendant admits

that letters patent of United States, No. 771,441 dated [58] October 4, A. D. 1904, were issued to one Peter V. Nielsen, but upon information and belief denies that said letters patent were issued in due form of law, and it is without knowledge as to whether said letters patent were delivered to anyone; and defendant, upon information and belief, avers that said letters patent were unlawfully granted and did not legally secure to the said Peter C. Nielsen, his heirs and assigns, nor do said letters patent lawfully secure to the plaintiff for the period of 17 years from October 4, A. D. 1904, or for any period or term, the sole or any exclusive right of making, using or vending the said pretended or alleged invention or improvements attempted to be set forth, described or claimed in said letters patent No. 771,441, and denies, upon information and belief, that the said Peter C. Nielsen, by virtue of said letters patent became the owner of any rights or privileges, or that the plaintiff, by virtue of said letters patent, is the owner of any rights or privileges.

4. Defendant is without knowledge and is not informed save by said Bill of Complaint, whether or not the plaintiff on January 4, A. D. 1907, or at any other time heretofore, by an assignment, in writing, or in any other manner, became and ever since has been, and is now, the sole owner and holder of said letters patent, or of any rights granted thereby, and defendant, therefore, denies the same, and calls upon the plaintiff for proof thereof.

5. Defendant is without knowledge, and is not

informed, save by said Bill of Complaint, whether or not since January 4th, A. D. 1907, the plaintiff has made or sold devices alleged to be covered and claimed by said letters patent, or that the plaintiff has marked upon each of such devices, the word "Patented," together with the date and number of said letters patent, and it, therefore, denies the same; but upon information [59] and belief, defendant avers that said plaintiff has not since in or about May, 1908, made and sold any devices alleged to be covered and claimed by said letters patent, or that defendant has marked upon any such devices the word "Patented," together with the date and number of said letters patent.

6. In answer to paragraph 7 of said Bill of Complaint herein, defendant states that prior to May 9th, 1911, that it sold talking machine horns and that some of said horns were called and styled Flower Horns, and upon information and belief, defendant states that it sold some horns for talking machines to Sherman, Clay & Co., carrying on business at San Francisco, in the State of California; but defendant denies that it sold over 7,156 talking machine horns or any horns whatsoever to said Sherman, Clay & Co. prior to May 9, 1911, in infringement of the patent in suit, and calls upon the plaintiff for proof thereof; defendant is without knowledge as to whether said Sherman, Clay & Co. is a corporation created under the laws of the State of California, and having its principal place of business in the City and County of San Francisco, in the State of California, and therefore denies the same

and calls upon the plaintiff for proof thereof, but defendant denies that the said Sherman, Clay & Co. was, prior to May 9, 1911, a distributing agent of defendant; defendant, on information and belief, states that the plaintiff herein has hitherto commenced an action at law in the District Court of the United States for the Northern District of California against said Sherman, Clay & Co., based upon alleged infringement of said letters patent No. 771,441; defendant is informed and believes that said action at law came on for trial before the said District Court of the United States for the Northern District of California before a judge and jury on or about October 1, 1912, and that said trial was concluded on or about October 4, 1912, and that the case was [60] submitted to the jury for a decision and that said jury returned its verdict in said action in favor of the plaintiff and against the defendant, and that said jury assessed damages for said infringement in favor of said plaintiff and against said defendant, Sherman, Clay & Co., in the sum of three thousand five hundred seventy-eight dollars (\$3,578.00) and costs of suit, and defendant is informed and believes that thereafter the said defendant, Sherman, Clay & Co., petitioned said Court for a new trial and said petition was denied, and after argument of counsel and due consideration of the matter by said Court, the said Court held that the evidence in the case was not sufficient to sustain said verdict rendered by said jury as to the award of damages and that said plaintiff was entitled, under the evidence, to only nominal damages of one dollar (\$1.00) and

that unless said plaintiff filed a waiver of all damages accepting nominal damages within a period of ten (10) days, said petition for a new trial would be granted, but that if said plaintiff within ten (10) days waived said damages awarded by said jury and agreed to accept only nominal damages, then said petition for a new trial would be denied, and that thereupon said plaintiff waived said damages awarded by said jury and agreed to accept only nominal damages of one dollar (\$1.00) and that an order to that effect was thereafter made and entered; defendant avers, upon information and belief, that upon said defendant's, Sherman, Clay & Co., petition for writ of error to the United States Circuit Court of Appeals for the Ninth Circuit from the judgment made and entered in said action at law, was duly granted and that said defendant, Sherman, Clay & Co., has duly perfected said writ of error and that the said cause is now pending on appeal before said United States Circuit Court of Appeals, and that the same will probably be argued during the coming fall; defendant further is informed and believes that during the month of December, [61] 1912, said plaintiff filed a suit in equity in said United States District Court for the Northern District of California, Second Division, against said defendant, Sherman, Clay & Co., based on alleged infringement of said Nielsen patent No. 771,441, and thereupon filed a motion for preliminary injunction against said defendant, Sherman, Clay & Co., as prayed for in the bill of complaint and that said motion for preliminary injunction came on for hearing

before the Court during the month of January, 1913, and that the said Court took the said motion under advisement, but did not make any decision thereupon until on or about April 30, 1913, at which time the said motion for preliminary injunction in said equity suit was granted; defendant is further informed and believes that thereafter an appeal to the United States Circuit Court of Appeals for the Ninth Circuit was duly taken from the order granting said preliminary injunction, and that pending the hearing and determination of said appeal, the writ of injunction was stayed by permission of the Court, the said defendant having filed a bond, and defendant is informed and believes, that the appeal from said order granting said preliminary injunction will likely come on for hearing during the early coming fall; defendant denies that by reason of any action taken by it in said action at law brought by said plaintiff against said Sherman, Clay & Co., or in any other proceeding or suit whatsoever, it placed itself in privity with the defendant therein as fully and completely as though said Victor Talking Machine Company had been named and designated a party defendant therein and denies that defendant became, and was, and is bound and included by the said judgment in respect of the validity of said patent and infringement thereof as fully and completely as if the said action had been and was brought, and said judgment made and entered directly against said Victor Talking Machine Company, personally and by name. [62]

7. Defendant denies that within and during the

six years last past, or at any other time it, without the license and consent of plaintiff, in the District of New Jersey, or elsewhere, has made, used and sold horns for phonographs in large numbers, or in the number of 500,000, or in any number whatsoever, containing and embracing the alleged invention attempted to be patented in and by claims 2 and 3 of said letters patent No. 771,441, or that it has infringed, or is now infringing upon said letters patent, or that it has committed, or is now committing any acts of infringement, or otherwise, in violation of rights of plaintiff under and by virtue of said letters patent; and defendant denies that the Flower Horns used and sold by it, infringed, or do infringe said letters patent No. 771,441, and defendant being without sufficient knowledge to form a belief, denies that the said Flower Horns were, and are, of the same form, design and mode of operation as the horns involved in the action at law in said suit against Sherman, Clay & Co., and calls upon plaintiff for proof thereof.

8. Defendant denies that it has realized any profits or that the plaintiff has suffered, or is suffering any damages from or due to any act or acts of infringement or otherwise in violation of any right of the plaintiff under and by virtue of said letters patent.

9. Defendant denies that the plaintiff has requested the defendant to desist from infringement of said letters patent, and to account to plaintiff for any damages that have been suffered by plaintiff, or profits that have been realized by defendant from

and by reason of any infringement of said letters patent; and defendant denies that it has failed or refused to comply with any such request, or with any part thereof, and denies that it has at any time infringed said letters patent, and defendant denies that *it now* selling, or has ever sold horns in infringement of said [63] letters patent No. 771,441.

10. Defendant denies that it threatens or intends, or has threatened or intended to continue during the pendency of this suit, or at any other time, any acts of infringement or otherwise in violation of any right of the plaintiff under and by virtue of said letters patent, and denies that the plaintiff has suffered any injury from any act or acts unlawfully committed by the defendant.

11. Defendant alleges, on information and belief, that the said letters patent are null and void, because the things patented therein or purported to be patented therein were not lawfully patentable in view of the state of the art relating to the alleged invention, and avers that the things claimed in said letters patent require for their production only mechanical skill, and did not involve or constitute invention.

12. Defendant alleges, on information and belief, that the said letters patent are null and void in that the said alleged improvements therein set forth and attempted to be claimed, or material and substantial parts thereof, were in public use or on sale for more than two years prior to the said Peter C. Nielsen's application for letters patent therefor.

13. Defendant alleges, on information and belief, that by reason of limitations placed by said Peter C.

Nielsen upon the claims of said letters patent during the prosecution of the application therefor in the United States Patent Office, said Peter C. Nielsen, and his alleged assignees, are estopped to claim for said letters patent a construction sufficiently broad to bring within them any device theretofore made, used or sold, or now being made, used or sold, or anything hereafter to be made, used or sold by the defendant.

14. Defendant further alleges, on information and [64] belief, that said letters patent No. 771,441 are invalid and void for the reason that the said Peter C. Nielsen was not the original, first or sole inventor or discoverer of the alleged improvement therein described and claimed or of any material and substantial part thereof, and that substantially the same horn for phonographs or similar machines, and all the material parts thereof, and everything alleged to be new or of invention in said letters patent No. 771,441, are clearly shown and described in and by certain patents granted or applied for prior to the alleged invention thereof by said Peter C. Nielsen or more than two years prior to his said application for patent therefor, and also in certain printed publications published prior to the alleged invention thereof by the said Peter C. Nielsen, or more than two years prior to his said application for patent therefor; and that said patents and printed publications, together with the dates of the grant and publication thereof, are as follows:

UNITED STATES LETTERS PATENT.

#	982, dated June 12, 1860,	Wyberd, (reissue)
	8,824, " December 7, 1875,	Frederick S. Shirley
	10,235, " September 11, 1877,	Edward Cairns
	12,442, " January 30, 1906,	Villy, (reissue)
	16,044, " April 14, 1885,	Bailey, (design)
	17,627, " August 16, 1887,	Carr " "
	19,977, " July 1, 1890,	Miller
	26,640, " February 16, 1897,	Caldwell, (design)
	30,653, " May 2, 1899.	Littlehale, " "
	34,907, " August 6, 1901,	McVeety, et al.
	72,422, " December 17, 1867,	George S. Saxton
	165,912, " July 27, 1875.	William H. Barnard
	181,159, " August 15, 1876.	Charles W. Fallows [65]
#	186,718, dated January 30, 1877,	Einig
	187,589, " February 20, 1877,	Emil Boesch
	216,188, " June 3, 1879,	Thomas W. Irwin, et al.
	240,038, " April 12, 1881,	Nathaniel C. Powelson, et al.
	274,930, " April 3, 1883,	Isaac P. Frink
	276,251, " April 24, 1883,	Philip Lesson
	320,424, " June 16, 1885,	George W. Woodward
	337,971, " March 16, 1886,	Henry McLaughlin
	362,107, " May 3, 1887	Charles R. Penfield
	406,332, " July 2, 1889,	James C. Bayles
	409,196, " August 20, 1889,	Charles L. Hart
	427,658, " May 13, 1890,	James C. Bayles
	453,798, " June 9, 1891,	Augustus Gersdorf
	455,910, " July 14, 1891,	William J. Gordon,
	491,421, " February 7, 1893,	Augustus Gersdorf
	534,543, " February 19, 1895,	Emile Berliner
	578,737, " March 16, 1897,	Philip J. Hass
	609,983, " August 30, 1898,	Wolhaupter
	612,639, " October 18, 1898,	James Clayton
	648,994, " May 8, 1900,	Major D. Porter
	651,368, " June 12, 1900,	John Lanz

#679,659,	dated July 30, 1901,	Wolhaupter
692,363,	“ February 4, 1902,	Walter C. Runge
693,460,	“ February 18, 1902,	Takaba
699,928,	“ May 13, 1902,	Charles McVeety, et al.
701,377,	“ June 3, 1902,	Norcross
705,126,	“ July 22, 1902,	George Osten, et al.
738,342,	“ September 8, 1903,	Albert S. Marten
739,954,	“ September 29, 1903,	Gustave Harman Villy
748,969,	“ January 5, 1904,	Melville
758,716,	“ May 3, 1904,	Storrs
763,808,	“ June 28, 1904,	Sturges
798,876,	“ September 5, 1905,	Conger, et al.

[66]

PRINTED PUBLICATIONS.

The Electrical World, published at New York, N. Y., article on “Berliner’s Gramophone,” pp. 255–256, issue of Nov. 12, 1887, and article of “The Improved Gramophone,” p. 80, issue of August 18, 1888.

A paper read before the Franklin Institute, May 16, 1888, on the Gramophone, by Emile Berliner, published in the Journal of the Franklin Institute at Philadelphia, Pa., June, 1888, and by Rufus H. Darby, printer, in 1894, at Washington, D. C., and many other publications describing Scott’s Phonograph of 1857.

The Metal Workers’ Pattern Book, by A. O. Kittridge, 3rd Edition, published at New York, N. Y., 1884, by David Williams, Printer.

The Metal Worker, a periodical, published at New York, September 1, 1900, pp. 50–56 inclusive thereof.

BRITISH LETTERS PATENT.

- # 7,594, dated April 24, 1900, to William Phillips
Thompson.
- 22,273, dated November 5, 1901, to Walter C.
Runge.
- 17,786, dated August 13, 1902, to Henry Fair-
brother.
- 20,146, dated September 15, 1902, to Gustave Har-
man Villy.
- 20,567, dated September 20, 1902, to John Mesny
Tourtel.
- 9,762, dated July 5, 1888, to Charles Adams Ran-
dall.

FRENCH LETTERS PATENT.

- #301,583, dated June 23, 1900, to Jose Guerrero.
- 318,742, “ February 17, 1902, to M. Turpin.
- 331,566, “ April 28, 1903, to Hollingworth.
- 31,470, “ March 25, 1857, to Leon Scott and
certificate of addition thereto,
dated July 29, 1859.
- 321,507, “ September 12, 1902, to M. Runge.

15. Defendant further alleges, on information and belief, that the alleged improvements in horns for phonographs and [67] similar machines described and claimed in said letters patent No. 771,441, and all material and substantial parts thereof were, prior to the date of the alleged invention thereof by said Peter C. Nielsen or more than two years prior to his said application for patent therefor, invented by, known to, and in public use or on sale by the following named persons and parties at the following named places, to wit:

George S. Saxton of St. Louis, Missouri, at said St. Louis, and elsewhere.

William H. Barnard of Sedalia, Missouri, at said Sedalia, and elsewhere.

Charles W. Fallows of Philadelphia, Pennsylvania, at said Philadelphia and elsewhere.

Emil Boesch of San Francisco, California, at said San Francisco and elsewhere.

Thomas W. Irwin of Allegheny, Pennsylvania, at said Allegheny and elsewhere.

George K. Reber of Pittsburgh, Pennsylvania, at said Pittsburgh and elsewhere.

Nathaniel C. Powelson of Brooklyn, New York, at said Brooklyn, and elsewhere.

Charles Deavs of New York, New York, at said New York and elsewhere.

Isaac P. Frink of New York, New York, at said New York and elsewhere.

Philip Lesson of Newark, New Jersey, at said Newark and elsewhere.

George W. Woodward of Brooklyn, New York, at said Brooklyn and elsewhere.

Henry McLaughlin of Bangor, Maine, at said Bangor and elsewhere.

Charles R. Penfield of Rochester, New York, at said [68] Rochester and elsewhere.

James C. Bayles of New York, New York, at said New York and elsewhere.

Charles L. Hart of Brooklyn, New York, at said Brooklyn and elsewhere.

Augustus Gersdorff at Bridgeton, New Jersey, at said Bridgeton, and elsewhere.

William J. Gordon of Philadelphia, Pennsylvania, at said Philadelphia and elsewhere.

Augustus Gersdorff of Washington, District of Columbia, at said Washington and elsewhere.

Philip J. Haas of Marengo, Iowa, at said Marengo and elsewhere.

James Clayton of New York, at said New York and elsewhere.

Major D. Porter of New Haven, Connecticut, at said New Haven and elsewhere.

John Lanz of Pittsburgh, Pennsylvania, at said Pittsburgh and elsewhere.

Charles McVeety of Philadelphia, Pennsylvania, at said Philadelphia and elsewhere.

John F. Ford, of Philadelphia, Pennsylvania, at said Philadelphia and elsewhere.

George Osten of Denver, Colorado, at said Denver and elsewhere.

William P. Spalding, of Denver, Colorado, at said Denver, and elsewhere.

Albert S. Martin of East Orange, New Jersey, at said East Orange and at Newark, N. J., and elsewhere.

Frederick S. Shirley of New Bedford, Massachusetts, at said New Bedford and elsewhere. [69]

Edward Cairns of Morristown, New Jersey, at said Morristown and elsewhere.

Walter H. Miller of Orange, New Jersey, at New York, N. Y., West Orange, N. J. and elsewhere.

Alexander N. Pierman of Newark, New Jersey, at West Orange, New Jersey and elsewhere.

Edward W. Meeker of Orange, New Jersey, at

West Orange, New Jersey and elsewhere.

Harvey N. Emmons of East Orange, New Jersey, at West Orange, New Jersey and elsewhere.

Arthur Collins of New York, New York, at West Orange, New Jersey and elsewhere.

John Riley of West Orange, New Jersey, at said West Orange and elsewhere.

James Burns of West Orange, New Jersey, at said West Orange and elsewhere.

Frederick S. Brown of Montclair, New Jersey, at West Orange, New Jersey and elsewhere.

C. J. Eichhorn of Newark, New Jersey, at said Newark and elsewhere.

John Sanderson of Pittsburgh, Pennsylvania, at said Pittsburgh and elsewhere.

Harry Betzler of Pittsburgh, Pennsylvania, at said Pittsburgh and elsewhere.

Leonard Terhune of Orange, New Jersey, at Newark, New Jersey and elsewhere.

George C. Magill of Newark, New Jersey, at said Newark and elsewhere.

Peter Schoepple of Newark, New Jersey, at said Newark and elsewhere.

John H. B. Conger of Newark, New Jersey, at said Newark and elsewhere. [70]

Thomas H. Brady of New Britain, Connecticut, at said New Britain and elsewhere.

August Doig of New Britain, Connecticut, at said New Britain and elsewhere.

William J. Noble of New Britain, Connecticut, at said New Britain and elsewhere.

James Connelly of New Britain, Connecticut, at

said New Britain and elsewhere.

Thomas A. Edison, Incorporated, (formerly named National Phonograph Company) a corporation organized and existing under and by virtue of the laws of the State of New Jersey and having its principal place of business at West Orange in said State at said West Orange and elsewhere.

Tea Tray Company, a corporation organized and existing under and by virtue of the laws of the State of New Jersey and having its principal place of business in Newark in said State, at Newark and elsewhere.

Noble & Brady of New Britain, Connecticut, at said New Britain and elsewhere.

New Jersey Phonograph Company, a corporation organized and existing under and by virtue of the laws of the State of New Jersey and having its principal place of business in Newark in said State at said Newark and elsewhere.

North American Phonograph Company, a corporation organized and existing under and by virtue of the laws of the State of New Jersey and having its principal place of business in Jersey City in said State at said Jersey City and elsewhere.

16. Defendant further says that it has been diligent in ascertaining and setting forth herein instances of prior knowledge, invention, public use, publication and patenting of the invention set forth and claimed in said letters patent No. 771,441, yet believes many further instances exist and prays leave to add the same when ascertained. [71]

17. Defendant alleges that for the purpose of de-

ceiving the public, the description and specification of the alleged invention filed by the said Nielsen in the Patent Office was made to contain less than the whole truth relative to his alleged invention or discovery, and that the description of the alleged invention in the specification is not in such full, clear, concise and exact terms as to enable any person skilled in the art to which it appertains to make, construct and use the same.

18. Defendant further alleges, on information and belief, that said letters patent No. 771,441, are invalid and void because the alleged invention attempted to be patented thereby was at the time it was produced and is now without utility.

19. Defendant further avers and states that the claims as issued in said letters patent No. 771,441, are not distinct, in that they do not particularly point out and distinctly claim the part, improvement, or combination which the said alleged inventor claims as his invention or discovery.

20. Defendant further alleges, on information and belief, that said letters patent No. 771,441, are invalid and void because the alleged invention attempted to be patented thereby has been abandoned to the public prior to the date of the application for said letters patent.

21. Defendant further answering the Bill of Complaint herein, and denying the validity of said patent in suit and denying that it ever has infringed or is now infringing said patent alleges that the said plaintiff and its predecessors in business were and are guilty of laches in bringing this suit, and are es-

topped by reason of such laches from the prosecution of this suit in equity, or from the prosecution of any alleged claim, demand, right or alleged cause of action of any nature or kind whatsoever alleged to arise or have arisen out of the patent in suit because, among other things, of the following facts: That on or about and [72] during the month of May, 1906, the United States Horn Company, which, defendant is informed and believes, was the predecessor of the plaintiff herein in the alleged ownership of the patent in suit, and from which plaintiff claims to have derived title and ownership in the patent in suit through its counsel, Burnham C. Stickney of New York, notified this defendant of the existence of the patent in suit, and warned this defendant against infringement of the same and demanded that this defendant promptly desist from further alleged infringement of said patent and to pay over to said United States Horn Company, all the alleged profits, gains and advantages which defendant had derived from the manufacture and sale of horns for phonographs alleged to be in infringement of said patent in suit, as well as damages which the said United States Horn Company had suffered by reason thereof, and informed the defendant that in default thereof, counsel had been instructed by said United States Horn Company to take steps to fully protect the rights of the said United States Horn Company in the premises; that this defendant thereupon had its counsel Horace Pettit, of Philadelphia, examine the patent in suit, and that said attorney, after making such examination, advised defendant that he did not

regard the patent in suit as valid and that this defendant infringed no rights of the said United States Horn Company; that no further communication of any kind whatsoever regarding the patent in suit has ever been received from the United States Horn Company, or from plaintiff, or from any alleged owner of the patent in suit, except in or about July and August, 1909, plaintiff herein offered, in certain written communication, to sell, to defendant certain United States and foreign patents for horns for talking machines alleged to be owned by plaintiff, among said patents being the patent in suit, and in said written communications plaintiff did not warn defendant that it was infringing the patent in suit or any of the patents enumerated in said [73] written communications, and made no claim whatsoever against defendant by reason of any alleged rights which the said plaintiff may have had in the said patent in suit; and except that on or about April 26, 1911, defendant received from Miller & White, attorneys for the plaintiff, Searchlight Horn Company, a letter in which it was stated that it was their contention that the "Standard Victor Horns" were an infringement upon the patent in suit, but no request was therein made that the defendant desist from the further use and sale of said horns for talking machines, and defendant, through its legal department, under date of May 4, 1911, wrote a letter to said Miller & White stating that defendant did not think that the patent in suit was infringed by the horns sold by the Victor Talking Machine Company, and further that defendant did not consider

the patent to be valid, and suggesting further that if plaintiff still found it necessary to file suit under said patent in suit, that plaintiff should bring the suit against the Victor Company, the defendant herein, instead of against one of the many thousands of dealers of the defendants throughout the United States, such as said Sherman, Clay & Co., and further advising plaintiff that defendant understood that the Searchlight Horn Company, the plaintiff herein, was located in New York City; and on May 6, 1911, defendant, through its legal department, wrote another letter to said Miller & White, suggesting that as defendant was selling horns to the dealers, that suit, if any, should be brought against the defendant, especially inasmuch as the plaintiff was a resident of an adjoining State, i. e., the State of New York; and defendant further avers that on or about May 15, 1911, this defendant received a letter dated May 9, 1911, from said Miller & White, in reply to defendant's said letter of May 4, 1911, in which said Miller & White stated, among other things, that they noted the defendant's suggestion that suit, if any, be brought against this defendant [74] directly, but that said Miller & White did not deem it advisable to pursue that course because such suit would be properly brought in the District of New Jersey, which would entail great personal inconvenience upon them and excessive costs upon their client, all of which defendant, upon information and belief, denies; and that said Miller & White further stated in said letter that they had "selected California as the battle-ground" and that that necessitated suing

a resident dealer; and defendant further alleges that the said Miller & White, attorneys for the said plaintiff herein, maintain an office in the City of New York, State of New York, at No. 2 Rector Street, and that the said plaintiff has its only place of business, if any, in said City of New York, State of New York, and further alleges that plaintiff designedly refused to comply with defendant's request that suit, if any, was to be brought by reason of the use and sale of said horns, be brought against this defendant in the District Court of New Jersey, and that this plaintiff instituted an action at law and also filed a suit in equity against said Sherman, Clay & Co., in the United States Circuit Court for the Northern District of California, Second Division, for the purpose of harassing and annoying this defendant and for the purpose of preventing a proper or full defense being interposed in said suits, and so that plaintiff might have an unfair advantage in the prosecution and trial of said action at law and said suit in equity; and defendant avers that this plaintiff by reason, among other things, of its conduct as aforesaid, and of its laches as aforesaid, should not be permitted in equity and good conscience to maintain the Bill of Complaint herein or do any further injustice to this defendant, and this defendant further alleges that this plaintiff and its predecessors have slept upon their rights, if any, arising out of the patent in suit, and further that this plaintiff does not come into this Court of Equity with clean hands.

[75]

22. And this defendant further answering the

Bill of Complaint herein, and herewith reaffirming, realleging and reaverring that the said patent in suit is invalid by reason of each, every and all the defenses, allegations and averments hereinbefore pleaded in this Answer, alleges upon information and belief that even if the said patent in suit be valid, (which this defendant expressly denies), that a large proportion of the horns for talking machines heretofore used and sold by this defendant, and the using and selling of which by the defendant are alleged to be in infringement of the patent in suit, were manufactured under a license direct, implied or otherwise, under said patent in suit and that defendant purchased said horns from a licensee under said patent in suit and that when said horns came into the hands of defendant they were released from the alleged monopoly, if any, of the patent in suit, and defendant in support of this defense further shows, among other things, said devices and apparatus hereinbefore specified were thereafter and have since continued to be used by the said Standard Metal Manufacturing Company in the manufacture of horns for talking machines and that said Standard Metal Manufacturing Company sold a number of said horns, manufactured as aforesaid, to this defendant and that the said horns so sold by said Standard Metal Manufacturing Company to this defendant are the horns, in part, at least, the use and sale of which by this defendant this plaintiff complains of in the Bill of Complaint herein and seeks to enjoin the further use and sale by this defendant and for the sales of which this plaintiff, among other things,

prays an accounting; defendant further avers that in and by said agreement entered into by and between said plaintiff and said Standard Metal Manufacturing Company, it was provided, among other things, that the said Standard Metal Manufacturing Company should stamp or label each horn manufactured by it as aforesaid, with the patent numbers and dates [76] of the patents owned by said plaintiff and defendant alleges, upon information and belief, that the said Standard Metal Manufacturing Company thereafter did stamp or label said horns as "Patented" under the said patents then belonging to the said plaintiff, among said patents being the patent in suit and that said horns purchased as aforesaid by this defendant from said Standard Metal Manufacturing Company were delivered to this defendant by said Standard Metal Manufacturing Company with the word "Patented" stamped or affixed thereon, as hereinbefore alleged; and defendant further avers, upon information and belief, that the manufacture and sale by the said Standard Metal Manufacturing Company, to this defendant of said horns under the conditions and circumstances aforesaid was at all that in or about the month of May, 1908, the said plaintiff entered into an agreement, for valuable considerations, with the Standard Metal Manufacturing Company, a corporation organized and existing under and by virtue of the laws of the State of New Jersey and having its principal place of business in the City of Newark, State of New Jersey, whereby, among other things, the said plaintiff licensed the said Standard Metal Manufacturing

Company to manufacture, use and sell horns embodying the alleged invention of the said patent in suit, and that upon the entering into of said agreement, as aforesaid, the plaintiff discontinued the manufacture of horns or any other devices and delivered to the said Standard Metal Manufacturing Company, for a valuable consideration, certain property belonging to the said plaintiff, and theretofore used by the said plaintiff in manufacturing horns for talking machines including horns claimed by plaintiff to embody the alleged invention of the patent in suit, said property consisting, among other things, of lathes, shafts, wiring and turning machines, groovers, [77] folders, blanking dies, forming dies, hinging machines, forming machines, dies, power presses, tool presses, drill presses, planers, shapers, vises, polishing wheels and numerous other devices theretofore used by said plaintiff in the manufacture of said horns, with the condition, understanding and agreement between the said plaintiff and the said Standard Metal Manufacturing Company, that the said Standard Metal Manufacturing Company would use said property hereinbefore specified in the manufacture, use and sale, among other things, of horns embodying the alleged invention of the patent in suit, and that the said Standard Metal Manufacturing Company should sell said horns in the open market and defendant further avers that the times in the knowledge and with the acquiescence of this plaintiff and that this plaintiff is thereby equitably and legally estopped from further prosecution of this suit.

23. And this defendant further answering the Bill of Complaint herein and herewith reaffirming, realleging and reaverring that the said patent in suit is invalid by reason of each, every and all the defenses, allegations and averments hereinbefore pleaded in this Answer, avers that even if the said patent in suit be valid (which defendant expressly denies), that it also purchased horns for talking machines alleged by the plaintiff to be in infringement of the patents in suit from The Tea Tray Co., now known as the National Metal Stamping & Manufacturing Company, a corporation organized and existing under and by virtue of the laws of the State of New Jersey, and alleges upon information and belief, that the said horns purchased as aforesaid from the said The Tea Tray Co., were manufactured by the said The Tea Tray Co., under, among others, U. S. Letters Patent No. 797,725, dated August 22, 1905 for Amplifying Horn to Charles J. Eichhorn, assignor to the said The Tea Tray Co., and [78] the following Design Letters Patent of the United States, No. 38,273, dated October 9, 1906, for Horn to Clement B. Beecroft, assignor to the said The Tea Tray Co., No. 38, 274, dated October 9, 1906, to Clement B. Beecroft for Horn, and assignor to the said The Tea Tray Co., and No. 38,202, dated August 28, 1906, for Amplifying Horn to Charles J. Eichhorn, assignor to the said The Tea Tray Co., and that the said horns purchased as aforesaid from the said The Tea Tray Co., were stamped or labeled "Patented" under said four letters patent, or some of them, and were sold by the said The Tea Tray Co.,

to the said defendant stamped or labeled "Patented" as aforesaid, and that the said defendant sold said horns stamped or labeled as aforesaid; and defendant further alleges, upon information and belief, that when the Standard Metal Manufacturing Company began to manufacture and to sell horns to this defendant, the use and sale of which by this defendant is complained of in the Bill of Complaint herein, the said The Tea Tray Co., at the request of this defendant, gave a license to the said Standard Metal Manufacturing Co., licensee of this plaintiff, as aforesaid, under said patent in suit, to manufacture and sell horns to this defendant embodying the inventions of said patents, Nos. 797,725, 38,273, 38,274, 38,202, and this defendant further alleges that the said Standard Metal Manufacturing Company, pursuant, among other things, to said license received from said The Tea Tray Co., began to manufacture and sell to this defendant horns complained of in the Bill of Complaint herein; and this defendant avers, upon information and belief, that the horns, the use and sale of which by this defendant is complained of in the Bill of Complaint herein, embodied and do embody the improvements of said letters patent, Nos. 797,725, 38,273, 38,274 and 38,202, owned by the said The Tea Tray Co., as aforesaid, and did not and do not embody, in any manner whatsoever, the alleged invention of the patent in [79] suit; and this defendant avers, upon information and belief, that it never purchased any of the horns complained of in the Bill of Complaint herein from any other source than the said Standard Metal Manufacturing Co.,

or the said Tea Tray Co., and this defendant further avers, upon information and belief, that this plaintiff has known at all times since the said the Tea Tray Co. began to manufacture and sell the horns complained of to this defendant, that the said The Tea Tray Co. was manufacturing and selling the said horns to this defendant and that the said The Tea Tray Co. was actively engaged in the manufacture, use, sale and public distribution of said horns and that the said plaintiff has also had knowledge that the said The Tea Tray Co. and the said Standard Metal Manufacturing Company have been actively engaged in the manufacture, use, sale and distribution of said horns not only to this defendant, but also to numerous other concerns engaged in the manufacture and sale of talking machines including the Columbia Phonograph Co. and the American Graphophone Co., each being a corporation organized and existing under and by virtue of the laws of the State of West Virginia and having their principal places of business in the City of New York, New York, the National Phonograph Co. and its successor, being a corporation organized and existing under the laws of the State of New Jersey and having its principal places of business at Orange, New Jersey; and this defendant alleges, upon information and belief, that in or about the year 1906, the said United States Horn Co., being then the alleged owner of the patent in suit, notified the said The Tea Tray Co. and the said The Standard Metal Manufacturing Co. of the existence of the patent in suit and that it (said United States Horn Co.) contended that

said The Tea Tray Co. and said Standard Metal Manufacturing Co. and each of them, were infringing upon said patent in suit and threatened suits to enjoin said alleged infringement unless [80] they were promptly discontinued, but that said The Tea Tray Co. and said Standard Metal Manufacturing Co. and each of them, refused to discontinue the manufacture, use and sale of the horns complained of and have openly and without interruption from the time of said notification to the present time continued the manufacture, sale and use of said horns with the knowledge, and without further complaint, of this plaintiff and its predecessors, said United States Horn Co., and that plaintiff's conduct in permitting such widely known and notorious manufacture, use and sale of horns during the several years last past, now alleged to be an infringement of the patent in suit is unconscionable and inequitable, and that plaintiff by reason of its conduct and laches as aforesaid, is estopped from now prosecuting this suit for an injunction and for an accounting, and that this defendant has had at all times, and now has an unqualified and absolute right to manufacture, use and sell said horns.

24. And this defendant avers that it has never manufactured horns like those complained of in the Bill of Complaint herein, but has purchased the same exclusively, as aforesaid, from the said Standard Metal Manufacturing Company and the said The Tea Tray Co. and its successor; and defendant further alleges, upon information and belief, that the horns, the use and sale of which by this defendant

this suit is brought to enjoin, are, and always have been, in all substantial respects, like the horns which this defendant has been selling for several years last past and since during 1905, and that plaintiff has been well aware of this fact and that said plaintiff and its predecessor have been well able during this whole period to bring suit against this defendant and said The Tea Tray Co. and its successor and said Standard Metal Manufacturing Co., for an injunction and accounting under the patent in suit, and [81] there was no good reason why plaintiff could not have commenced such suits long ago had it so chosen, but as plaintiff did not bring suits against this defendant, or against said The Tea Tray Co., and its successor, or against said Standard Metal Manufacturing Co. under said patent in suit following the said notices of infringement sent this defendant and said The Tea Tray Co. and said Standard Metal Manufacturing Co. by plaintiff's predecessor, United States Horn Co., in 1906, as aforesaid, defendant has long since supposed that the plaintiff has acquiesced in the right of said The Tea Tray Co. and its successors and of said Standard Metal Manufacturing Co. to make, use, and sell said horns, and in defendant's right to use and sell horns; that defendant has always acted in good faith in the belief that said horns so sold by it were not an infringement of the patent in suit; and that the conduct of the plaintiff has misled defendant into believing that the plaintiff was of the same belief or else had acquiesced in defendant's use and sale of these said horns for some other reason.

Without this, that there is any other matter, cause or thing in the said Plaintiff's Bill of Complaint, material or necessary for this defendant to make answer unto and not herein and hereby well and sufficiently answered, confessed and avoided, traversed or denied, true to the knowledge and belief of this defendant; all of which matters and things this defendant is ready and willing to aver, maintain and prove as this Honorable Court may direct, and humbly prays to be hence dismissed with reasonable costs and charges in this behalf most wrongfully sustained.

VICTOR TALKING MACHINE COMPANY,

By RALPH L. FREEMAN, (L. S.)

Assistant Secretary.

HORACE PETTIT,

Solicitor and of Counsel for Defendant. [82]

State of New Jersey,
County of Camden,—ss.

RALPH L. FREEMAN, being duly sworn, deposes and says: That he is Assistant Secretary of Victor Talking Machine Company, the defendant named in the foregoing Answer; that he has read said Answer, that the same is true of his own knowledge, save in so far as the allegations therein contained are stated to be based upon information and belief, and as to such allegations he believes it to be true.

RALPH L. FREEMAN.

Subscribed and sworn to before me, this 13th day of September, 1913.

CHARLES F. WILLARD,

(L. S.)

Notary Public.

My commission expires July 29th, 1918.

United States of America,
District of New Jersey,—ss.

I, George T. Cranmer, Clerk of the District Court of the United States of America, for the District of New Jersey, in the Third Circuit, do hereby certify the foregoing to be a true copy of the original Answer on file, and now remaining among the records of the said court, in my office.

IN TESTIMONY WHEREOF, I have hereunto subscribed my name and affixed the seal of the said court, at Trenton, in said District, this twenty-fourth day of July, nineteen hundred and fourteen.

[Seal]

GEORGE T. CRANMER,
Clerk District Court, U. S.

By C. S. Chevrier,
Deputy. [83]

[Endorsed]: United States District Court, District of New Jersey. Searchlight Horn Company, Complainant, vs. Victor Talking Machine Company, Defendant. Answer. Suit on Nielsen Patent No. 771,441. Filed September 15, 1913. [84]

*In the District Court of the United States, for the
District of New Jersey.*

IN EQUITY—No. 394.

SUIT ON NIELSEN PATENT No. 771,441.
SEARCHLIGHT HORN COMPANY,
Plaintiff,

vs.

VICTOR TALKING MACHINE COMPANY,
Defendant.

Certificate of Pendency of Suit.

I hereby certify that the Bill of Complaint in the above-entitled suit was filed in my office July 29, 1913; that the bill alleges infringement by the defendant of Nielsen United States Letters Patent No. 771,441, dated October 4, 1904; that as far as the records of this court show, the above-entitled suit is still pending and undetermined.

[Seal] GEORGE T. CRANMER,
Clerk of U. S. District Court for the District of New
Jersey.

By C. S. Chevrier,
Deputy.

July 23, 1914. [85]

Service of the within notice of motion, petition to enjoin prosecution of suits for infringement, affidavits of Andrew G. McCarthy, Chas. K. Haddon, certified copy of bill of complaint and answer and certificate as to pendency of suit re equity suit #394,

by a copy thereof admitted this 31st day of July,
A. D. 1914.

J. H. MILLER,
For Plaintiff.

[Endorsed]: No. 15,623. Filed Jul. 31, 1914.
W. B. Maling, Clerk. By J. A. Schaertzer, Deputy
Clerk. [86]

*In the District Court of the United States for
the Northern District of California, Second
Division.*

IN EQUITY—No. 15,623.

SEARCHLIGHT HORN COMPANY,
Plaintiff,

vs.

SHERMAN, CLAY & COMPANY,
Defendant.

**Answer of Plaintiff to Defendant's Petition to
Enjoin Prosecution of Suits for Infringement.**

Now comes the plaintiff in the above-entitled suit
and for answer to the defendant's aforesaid petition,
denies, admits and alleges as follows:

1. Referring to paragraph I of said petition
wherein it is alleged that defendant is a dealer in
musical instruments, and as a dealer purchased
from the Victor Talking Machine Company the in-
fringing horns complained of, for use in connection
with talking machines sold by musical dealers gen-
erally, this plaintiff avers that said paragraph I
is ambiguous and deceptive and does not state the
real facts of the case, but that the real facts are that

the defendant is the Pacific Coast distributing agent of the Victor Talking Machine Company for its talking machines and phonographic horns, engaged in selling the same to the various dealers throughout the Pacific Coast, which said dealers in turn sell the same for use by the ultimate consumer or user. While it is true that the defendant has heretofore sold some of those infringing horns at retail, for use by its consumers, and in that sense may be called a dealer, yet the fact is that the defendant is the general distributor of the Victor Talking Machine Company on the Pacific Coast engaged as aforesaid, and that its retail [87] business aforesaid is insignificant in comparison with its said wholesale business.

2. Answering paragraph II of said petition plaintiff admits that the present suit was begun about November 25, 1912, but to be exact on November 23, 1912, and that a preliminary injunction was granted on April 28, 1913; that an appeal therefrom was taken to the United States Circuit Court of Appeals for the Ninth Circuit, and on May 4th, 1914, said Court of Appeals rendered a decision affirming the decree of this court in granting said preliminary injunction.

3. Answering paragraph III of said petition, plaintiff admits that on July 29, 1913, plaintiff commenced a suit in equity in the District Court of the United States for the District of New Jersey against the Victor Talking Machine Company for infringement of the patent involved herein, said suit being Equity Suit No. 394, charging infringement of

claims 2 and 3 of said patent by the sale of phonographic horns of the same kind and identical in construction with those supplied by the Victor Talking Machine Company to the defendant herein, and complained of as being infringement of the patent in suit.

4. Answering paragraph IV of said petition, plaintiff admits that in and by its bill of complaint in said Equity Suit No. 394, in New Jersey, prayer was made that the Victor Talking Machine Co. be decreed to account for and pay over to the plaintiff all the gains and profits realized by said Victor Talking Machine Company by reason of its alleged infringement.

5. Answering paragraph V of said petition, plaintiff admits that the Victor Talking Machine Co. filed its answer in said Equity Suit No. 394, on September 15th, 1913.

6. Answering paragraph VI of said petition, plaintiff admits that a stipulation has been entered into to the effect that in said Equity Suit No. 394, the depositions taken in the [88] case at bar may be used, and it is to that extent and that extent only that the Victor Talking Machine Co. has taken its testimony in said Equity Suit No. 394.

7. Answering paragraph VII of said petition, wherein it is alleged that the defendant is one of the many hundreds of dealers of the Victor Talking Machine Co. located and doing business in the territory of the United States, plaintiff avers that it has no knowledge or information as to the exact number of such dealers, but in that behalf avers that in

the published advertisements of the Victor Talking Machine Company, in public newspapers and periodicals, the names and addresses are given of those dealers of the Victor Talking Machine Company in the same category as the defendant, and in such advertisements they appear to be not over 90 in number.

8. Answering paragraph VIII of said petition, wherein it is stated that defendant is not engaged at this time and has not been for a long time past engaged in the selling of said alleged infringing phonographic horns, plaintiff avers that it has no knowledge or information as to whether or not the defendant has since the preliminary injunction actually sold any of such horns, but nevertheless the fact is that the defendant is now advertising the same for sale, and in the last descriptive catalogue issued by the Victor Talking Machine Company and distributed by the defendant on the Pacific Coast, cuts and illustrations of said infringing horns are shown and prices of the same are quoted and the same are advertised for sale at said quoted prices, and not later than July, 1914, one of such catalogues was delivered by the defendant's agents to plaintiff's attorney, with the statement that such machines were on sale, but that the sales thereof were only occasional.

9. Answering paragraph IX of said petition, relating [89] to the action of this plaintiff against Wiley B. Allen & Company, plaintiff avers that the said action which is an action at law was commenced by plaintiff in the District Court of the United States

for the Southern District of California, on or about May 9, 1911, at the same time at which plaintiff began an action at law against the defendant herein in the Northern District of California for infringement of plaintiff's patent; that the object of bringing said action against Wiley B. Allen & Company was not for the purpose of harassing or annoying the Victor Talking Machine Co., but was merely for the purpose of securing the speediest possible trial of the issues involved in case the action at law in the Northern District could not be brought to a speedy trial. In other words, plaintiff filed the two actions simultaneously, one in the Northern District and the other in the Southern District, with the intention of trying only that one which could be first reached for trial, to the end that a speedy determination of the validity of the patent might be had, and the Victor Talking Machine Company was so notified by plaintiff's attorney; that the action in the Northern District came up for trial first and the same was tried and disposed of resulting in a verdict for the plaintiff, and a judgment entered thereupon which was afterwards affirmed by the United States Circuit Court of Appeals for the Ninth Circuit on May 4, 1914; that the suit against Wiley B. Allen & Company was never pressed for trial and probably never will be pressed for trial and will ultimately be dismissed as the only object of filing it was to secure a speedy trial, in case the action in the Northern District could not be speedily tried.

10. Answering paragraph X of said petition, plaintiff denies that it has threatened or still

threatens or continues to threaten to bring many other similar suits against dealers [90] of the Victor Talking Machine Company, or that unless restrained by this court will bring such suits, or will prosecute the same or continue to prosecute any suits heretofore brought against said dealers except the present suit against the defendant herein.

In that behalf plaintiff avers that all it has done in that connection is to send the usual warning letter to three dealers who are now still engaged in exhibiting for sale and selling and offering for sale these infringing horns, in which letters said dealers were notified of the decision of the Court of Appeals affirming the decision of this court sustaining the validity of the patent and calling on said dealers for an accounting of profits and damages and a cessation of infringement under the penalties of the law. In other words, plaintiff found these three dealers still engaged in selling and offering for sale infringing horns, which they stated had been purchased by them recently from the defendant herein, notwithstanding the fact that the defendant was under an injunction not to sell such horns, and, therefore, plaintiff considered it its right and duty to notify these three dealers that the continued sale of these horns was an infringement, and that they must discontinue the same; that one of said dealers has replied to said notice by saying that he had only sold in the last two or three years one or two of said horns, and that he would not sell any more, and thereupon plaintiff notified this dealer that his answer to the letter was satisfactory and no suit would be brought against

him. In the matter of the other two dealers, one of them has replied to the notice and asked for a consultation for the purpose of adjusting the matter, and plaintiff has replied thereto in a courteous manner saying that such conference would be granted and that such arrangement would undoubtedly be made as would prevent the necessity of a suit [91] against said dealer. And as to the third dealer, plaintiff avers that no answer has been received from him and that plaintiff has no present intention of bringing suit against him, and that the object of said notice was merely as a matter of protection to notify said dealer that his acts were an infringement, thinking that he was ignorant of the state of the case, and it was in order to protect the rights of the plaintiff in case it should ever be necessary to proceed against that dealer, but after having so notified said dealer it is not the intention of plaintiff to bring suit against him under the present condition of affairs.

11. Answering paragraph XI of said petition wherein it is alleged that the Victor Talking Machine Company is financially able to respond to an accounting to any judgment which may be rendered against it in said suit, No. 394, plaintiff avers that while that is true at the present time, it may not be true at the termination of the litigation against the Victor Talking Machine Company, and there is no certainty unless a bond be given that the plaintiff will be able to reap the fruits of any victory which it may ultimately win against the Victor Talking Machine Company.

And answering that portion of paragraph XI

which asserts that all the horns complained of in the present case and equally so in the pending case against the Wiley B. Allen & Company, are horns sold by the Victor Talking Machine Company, and that they are all subject to said accounting on any judgment which may be obtained in said Equity Suit No. 394, and must be accounted for by the Victor Talking Machine Co., in suit No. 394, plaintiff avers that the same is not true in its entirety for the reason that the suit against the Victor Talking Machine Company was not begun until July 29, 1913, whereas the present suit against Sherman, Clay & Company was begun on November 23, 1912; that in [92] the suit at bar plaintiff can recover compensation for all horns sold by defendant during six years prior to November 23, 1912, that is to say, from November 23, 1906, to the date of the accounting, whereas in the suit against Victor Talking Machine Company, No. 394, plaintiff can recover compensation only for such horns as were sold within six years prior to July 29, 1913, that is to say, from July 29, 1907, to the date of the accounting; that such horns as were sold by Sherman, Clay & Company between November 23, 1906, and July 29, 1907, can not be recovered for in the suit against Victor Talking Machine Co., No. 394, for the reason that recovery thereof is barred by the statute of limitations. Consequently, it is not true that in case of a favorable judgment in the suit against Victor Talking Machine Co., No. 394, plaintiff can recover all of the compensation he is entitled to recover in the suit against Sherman, Clay & Company.

12. Answering paragraph XII of said petition,

plaintiff admits that the defendant herein is not a manufacturer of the infringing horns involved, but procures the same from the Victor Machine Company, and in that behalf plaintiff avers that neither is the Victor Talking Machine Company a manufacturer of said horns, but, on the contrary, procures the same from various and sundry manufacturers in the Eastern States, that is to say, various and sundry manufacturers in the Eastern States manufacture said horns and sell them to the Victor Talking Machine Company, and the Victor Talking Machine Company in turn sells the same to Sherman, Clay & Company, the defendant herein, and the defendant herein in turn sells them to dealers throughout the Pacific Coast, and these dealers then sell them to the users at retail.

13. Answering paragraph XIII and XIV of said petition, plaintiff admits that it is not at this time engaged in the manufacture and sale of horns covered by the patent in suit, and [93] has not been so engaged since the month of May, 1908, and that when it was engaged in the business prior to May, 1908, it manufactured and sold its patented horns to dealers throughout the United States and was not a user of the same, but derived its profit, or attempted to derive its profit from its horns by the manufacture and unconditional sale thereof direct to dealers throughout the United States, and in that behalf plaintiff avers the facts are that prior to May, 1908, it was engaged in making and selling its patented horns, but that prior thereto the Victor Talking Machine Company and other phonographic

companies entered largely and extensively in the infringement of the patent in suit by purchasing from other manufacturers enormous quantities of infringing horns and selling the same throughout the United States, and refused to deal with the plaintiff; that the infringing horns so sold by the Victor Talking Machine Company and the other phonograph companies up to date is enormous in extent aggregating probably several millions inasmuch as nearly all of its pronographs prior to the introduction of the cabinet machines were provided with these infringing horns; that prior to May, 1908, plaintiff has notified the Victor Talking Machine Company and the other phonograph companies of the said infringement, and requested them to desist and cease therefrom, but that they declined to do so, and thereupon plaintiff endeavored to sell its patent to the Victor Talking Machine Company and the other phonograph companies, but they declined to purchase the same, and *contained* in their deliberate, willful and premeditated infringement; that by reason of said infringement plaintiff's business was wholly and entirely ruined and destroyed and practically wiped out of existence with a loss to loss to the plaintiff of about forty thousand dollars which it had invested in the business, and thereupon plaintiff was compelled by reason of the infringements aforesaid to wholly discontinue the business and turn over its plant to the other [94] manufacturing concern; that the plaintiff has not since been able to resume its business and is financially embarrassed to such an extent that it is impossible to resume it, for which

reason it has not made or sold any horns since May, 1908, having been prevented from doing so by the infringing acts of the Victor Talking Machine Company and the other phonograph companies; that under these facts it cannot be asserted that the plaintiff is enjoying any profits or attempting to enjoy any profits from its patent by the manufacture and sale of its patented horns, and the compensation which the plaintiff is entitled to recover against the Victor Machine Company and other infringing companies is the damage which the plaintiff has suffered and such profits as it may be able to prove that these infringers have made by reason of their infringement.

And answering the latter portion of paragraph XIV of said petition wherein it is set up that upon the satisfaction by the said Victor Talking Machine Company of any judgment which may be rendered against it by an accounting obtained in connection with said suit No. 394, in the District Court of the United States for the District of New Jersey, that the infringing horns sold by the said Victor Talking Machine Company to its dealers will be released from the patent monopoly, and that the defendant herein will not be liable to the plaintiff, this plaintiff avers that the same is not wholly true for the reason that many of the infringing horns sold by the Victor Company to the defendant and by the defendant sold to others, cannot be recovered for in the suit against the Victor Talking Machine Co., No. 394, because of the statute of limitations as hereinabove pointed out.

14. And answering paragraph XV of said peti-

tion, plaintiff denies that unless it is restrained from continuing the prosecution of the present suit and from bringing other suits [95] of a like nature against dealers in this Circuit, the Victor Talking Machine Company will suffer irreparable or any injury or damage by the loss to the Victor Company of its dealers or for any other reason; denies that unless such injunction is granted the Victor Talking Machine Company will lose any of its dealers, or that any of its dealers, on account of the harassment, annoyance and expense occasioned by the acts of the plaintiff, will fall away from the Victor Talking Machine Company or will cease to patronize said company in the purchase of any or all machinery or accessories of any kind or nature incident to the talking machine business, or foreign to the horns in question; that such allegation in the petition in paragraph XV is wholly a pretense and a sham and that said Victor Talking Machine Company has no fears whatever that it will lose any of its dealers on account of any suits to be brought or that may be brought by the Searchlight Horn Company, the fact being that said Victor Talking Machine Company guarantees to protect its dealers against all suits for infringement of patents brought in respect of the Victor Talking Machine Company's machinery and accessories.

15. And answering paragraph XVI of said petition, plaintiff denies that its purpose in the acts and course which it is pursuing or threatens to pursue is to harass or annoy dealers of the Victor Talking Machine Company or to harass or annoy the Victor

Talking Machine Company, or to put the said company or the defendant herein, or any dealer or dealers in the Victor Talking Machines to needless or any expense by being called upon to defend a multiplicity of suits or any suit or suits for alleged infringement of the patent in suit.

16. And for a further answer to said petition and as a reason for denying the same, and as showing that it *would inequitable* to grant the same, plaintiff avers that on or about [96] May 9th, 1911, it instituted an action at law in this court against Sherman, Clay & Company to recover damages for infringement of the patent in suit; that the same was brought as a test case for the purpose of testing the validity of the patent; that the said action was defended by the Victor Talking Machine Company, and was fully tried on the merits; that a verdict for the plaintiff therein was rendered on or about October 4th, 1912; that thereafter the Victor Talking Machine Company, acting through the defendant, made a motion for a new trial which after full argument was denied; that thereafter said Victor Talking Machine Company, acting through the defendant sued out a writ of error from the United States Circuit Court of Appeals for the Ninth Circuit to review the said judgment; that upon a hearing and a full argument in the said Circuit Court of Appeals, the judgment of this court in said action at law was affirmed on May 4, 1914; that the number of said action at law in this court is No. 15,326; that after the rendition of this judgment in the action at law, the defendant herein deliberately and willfully and maliciously continued

to infringe upon the patent in suit, notwithstanding the fact of the said judgment in the action at law wherein it was adjudged that the patent was valid; that thereupon, on November 23, 1912, plaintiff for the protection of its rights was compelled to file and did file in this court a bill of complaint in the present suit, and asking for the granting of a preliminary injunction, which motion was granted and the said writ of preliminary injunction was issued on April 29, 1913; that thereafter at a regular term, 1913, of this court, this, the present suit in equity, came on regularly to be set for trial, but the defendant's attorney objected to the trial of the same upon the ground that an appeal from the order [97] granting said preliminary injunction had been taken and that a writ of error had been issued to review the judgment in the action at law, and that it would be in the interests of both parties to continue the trial of this suit until after the decision of the Court of Appeals in the aforesaid matters, intimating, if not stating in so many words, that if the judgment and decree aforesaid were affirmed then there would be no further contest in the present case; that this court granted the motion of defendant's attorney and continued the case, or rather struck it from the calendar under the new equity rules in order to await the decision of the Court of Appeals; that the decision of the Court of Appeals was rendered on May 4, 1914, whereby the judgment in the action at law was affirmed and the motion granting a preliminary injunction in the suit in equity was likewise affirmed; that the mandates from the Court of Appeals were

filed herein on June 4, 1914; that instead of abiding by the decision of said Court of Appeals, as had been intimated by defendant's attorney would be done, the said defendant on or about May 15th, 1914, filed an amendment to its answer and served notice on defendant that it would proceed to take depositions of witnesses at Pittsburg, Pa., Hartford, Conn., New York City, Philadelphia, Pa., Cleveland, Ohio, and Chicago, Illinois, naming no less than 100 witnesses to be examined; that a copy of the said notice is hereunto annexed and made a part hereof; that in pursuance of said notice defendant's attorney, N. A. Acker, of San Francisco, proceeded to the eastern states and under said notice took the testimony of a great many witnesses named therein and some who were not named therein, and thereby accumulated a large mass of testimony for the purpose of proving the invalidity of the patent in suit on account of alleged [98] prior uses by other persons, notwithstanding the fact that that issue had become *res adjudicata* between the parties hereto by reason of the action at law aforesaid and the final judgment therein; that plaintiff was compelled to employ attorneys in the east to attend the taking of these depositions and has been to a large expense for costs and counsel fees and has been compelled to borrow money to liquidate the same, and is still indebted for a large amount in respect of said depositions; that the said depositions were taken on the theory that when the case was called for trial at the present term of Court the same would be set for trial on a day certain and be tried, and in pursuance of that understanding the

depositions were hurried up in the east in order that they might be here in time for the trial of the case; that it was stipulated and agreed in writing between the parties hereto that this suit should be restored to the present trial calendar of the Court, which said stipulation was signed on or about the 7th day of August, 1914, and a copy of the same is hereunto annexed and by such reference made a part hereof; that in view of these facts and of the above conditions, plaintiff has prepared for the trial of this case, at the present term of the Court, to wit, the July, 1914, term, and it was not until July 31, 1914, on which day it received the petition and the notice of motion herein from defendant that plaintiff had any intimation whatever that a postponement of the trial would be asked or that any effort would be made to suspend the further prosecution of the case. And in this behalf plaintiff further avers that if the further prosecution of this case is suspended until plaintiff tries its case against the Victor Talking Machine Company in New Jersey, plaintiff's attorney, John H. Miller, who resides at San Francisco, will be compelled to go to New Jersey to attend [99] the trial and to be present there for a period of time which he cannot calculate or forecast in connection with said trial, and thereby the plaintiff will be put to a large and onerous cost and expense, which it is unable to defray at the present time, thereby compelling plaintiff's said attorney to advance the money for these costs and expenses with the probability of never getting it back except at the end of a long and tedious litigation in the eastern states; that even if a favor-

able judgment were rendered in favor of the plaintiff in the suit against the Victor Talking Machine Company in New Jersey, there is every reason to believe, judging by the past conduct of the said Victor Talking Machine Company, that an appeal would be taken to the Court of Appeals, and that the matter would be further tied up indefinitely, to await the decision of the Court of Appeals and in all probability it will be several years before any ultimate result is reached; that by reason of these facts it would be inequitable, harsh and oppressive on the plaintiff to suspend the further prosecution of this case and compel it to prosecute the suit against the Victor Talking Machine Company; and this plaintiff protests in the most vigorous manner it can against such suspension of this case and insists that the same would operate as a hardship on the plaintiff and would be unjust and inequitable.

And in this behalf plaintiff further avers that this present suit is being defended and has always been defended by the Victor Talking Machine Company, but in and under the name of the defendant herein; that said Victor Talking Machine Company has selected and appointed the attorneys for defendant herein, and has furnished all the moneys and means for the defense thereof and has conducted the defense thereof, as fully and completely as though the Victor Talking Machine Company were the defendant named [100] therein. Furthermore, in its bill filed against the Victor Talking Machine Company in New Jersey, plaintiff alleged that the action at law in this court against the Sherman, Clay & Com-

pany had been and was defended by the Victor Machine Company, and the answer of the Victor Talking Machine Company admits that fact, all of which will be seen by reference to the bill and answer annexed to defendant's petition herein as exhibits; that the reason why the Victor Talking Machine Company assumed the defense of and defended the action at law aforesaid and the present suit in equity was that said Victor Talking Machine Company had guaranteed to protect the defendant from said infringement and from any and all infringements that might be charged against it in respect to the sale of the Victor goods by defendant; that by reason of said guarantee it became the duty of the Victor Company to defend both the action at law and the present suit in equity, and that in pursuance of said duty it did defend both said the action at law and the present suit in equity; that by reason of the facts aforesaid, the judgment in the action at law has become *res adjudicata* between this plaintiff and the Victor Talking Machine Company in respect to the issues decided in said action at law and also that any judgment or decree which may be rendered in the present suit in equity against Sherman, Clay & Company will likewise become *res adjudicata* as between the plaintiff and the Victor Talking Machine Company; that as a matter of legal tactics, it is to the interests of the plaintiff that the present suit in equity be tried before the trial of the suit against the Victor Talking Machine Company in New Jersey for the reason that the decree herein can be pleaded as *res adjudicata* in the said suit against the Victor Talking Machine

Company in New Jersey, and inasmuch [101] as the Victor Talking Machine Company has always defended and is now defending the present suit in equity, no injustice would be done to the Victor Company, nor to the defendant by allowing this present case to be tried first, whereas it would be a great detriment and disadvantage to the plaintiff to suspend the present suit and compel it to try the suit against the Victor Talking Machine Co. in New Jersey before trying the present case.

Plaintiff further avers that the current trial calendar of this court was called on August 10th, 1914, at which time this case was set for trial on August 25th, 1914, without objection from the defendant's attorney; that it would be but very little additional expense to the plaintiff to try the case on August 25th, whereas it would be of very great and enormous expense to the plaintiff to have this case suspended and be compelled to try first the case against the Victor Talking Machine Company in New Jersey; that the plaintiff is impecunious and without any means or money for the trial of these cases other than what it has arranged to be furnished by other persons, and in order to secure the same a great sacrifice had to be made, and for additional expenses in the matter of costs and expenditures a larger burden is on the plaintiff, whereas the Victor Talking Machine Co. is a rich and powerful corporation having many millions of assets with a corps of attorneys hired by the year as well as with special attorneys hired for each occasion, and the matter of costs and expenses to them in a lawsuit of this kind is a mere bagatelle and

of no appreciable detriment. In other words, this is a case of a controversy by an impecunious and impoverished patent owner against a rich and powerful infringer, and the more expense the patent owner is put to and the longer the litigation is extended and kept in Court. plaintiff's case is weakened and the defendant's case strengthened so far as any definite [102] result is concerned, and a delay in justice under such circumstances is practically and in effect a denial of justice.

WHEREFORE, plaintiff protests against the suspension of the prosecution of this case and asks that the defendant's petition be denied, and that the trial of this case be allowed to proceed on August 25, 1914, that being the day on which the same was regularly set for trial.

SEARCHLIGHT HORN CO.

By MILLER & WHITE,

Attorneys for Plaintiff.

State of California,

City and County of San Francisco,—ss.

JOHN H. MILLER, being duly sworn deposes and says: That he is the attorney for plaintiff in the above-entitled case; that he makes this verification on behalf of plaintiff for the reason that it is a foreign corporation and has no officer in the State of California, and no other agent than affiant; that according to the best of his knowledge, information and belief the facts stated in the foregoing answer are true.

JOHN H. MILLER.

Subscribed and sworn to before me this 12th day of August, 1914.

[Seal]

W. W. HEALEY,
Notary Public in and for the City and County of San Francisco, State of California. [103]

District Court of the United States in and for the Northern District of California, Second Division.

IN EQUITY—No. 15,623.

SEARCHLIGHT HORN COMPANY,

Complainant,

vs.

SHERMAN, CLAY & COMPANY,

Defendant.

Exhibit Referred to in Answer.

To Searchlight Horn Company, and Messrs. Miller & White, Its Attorneys, Crocker Building, San Francisco, California.

Gentlemen: You are hereby notified that on Thursday, the twenty-eighth day of May, 1914, at the office of William T. Lindsey, Esq., Clerk of the United States District Court, at his office in the Federal Building, at Pittsburg, County of Alleghany, State of Pennsylvania, before the said William T. Lindsey, Esq., as Examiner of the said United States District Court, commencing at the hour of ten o'clock A. M. and continuing from day to day until completed, the defendant herein will proceed to take by deposition *de bene esse*, under and in accordance with the provisions of Sections 864 and 865 of the

Revised Statutes of the United States, the testimony of the following-named witnesses: Paul Kohler, Harry P. Keeley, Robert S. Siegfried, Adolph Hammer, Frank J. Kleber, Harry Kleber, Louis Kleber, George Dimling, Jr., John Sanderson, William Sanderson, Malyina Sanderson, George Stock, Harry Sanderson, Daniel J. Cable, Henry Braut, Edwin A. Grau, Paul Hunt, T. E. McCausland, T. J. Smith, B. P. [104] Peterson, Charles Gudekunst, Andy King, Ernest W. Friend, David S. Hartley, Willis L. King, George McNemery, Arthur Live, William Witt, E. W. Smith, Fred J. Kneipp, Cris Coulter, Albert Bert, James Tallon, Jak Pferr, John W. King, Isabella J. King, Charles Jamison, Mary Ellen Duffy, Minnie Ricks, Ellsworth Johnson, Peter Gallagher, all of the said City of Pittsburgh, Gustave C. Hammer, residing at Bellevue, Pennsylvania, Daniel Betzler, Ellen Betzler and Harry Betzler, residing at Oak Station, Pennsylvania, Mr. A. R. Meyer and Mrs. A. R. Meyer, residing at Lucesco Post Office, Pennsylvania, John Lippla, residing at Brookline, Pennsylvania, Mark Porrito, residing at Butler, Pennsylvania, Otto Reibling, residing at Lawrenceville, Pennsylvania, and John Baker, residing at Tarentum, Pennsylvania. Adjournments will be taken from day to day and at such time and place as may be necessary for the taking of the said depositions without further notice.

At the conclusion of the testimony of the foregoing witnesses taken at Pittsburg, Pennsylvania, an adjournment will be taken and immediately thereafter the defendant will proceed to the City of Hartford,

State of Connecticut, and to the office of Edwin W. Marvin, Esq., Clerk of the United States District Court, situated in the Federal Building, at Hartford, State of Connecticut, before said Edwin E. Marvin, Esq., at his offices in said Federal Building (and on a date and at an hour to be stated at the time of said adjournment) will proceed to take the testimony of Ellsworth A. Hawthorne, residing at Bridgeport, Connecticut. Adjournments will be taken from day to day and at such time and place as may be necessary for the taking of the said depositions without notice.

At the conclusion of the testimony of the foregoing witness taken at Hartford, Connecticut, an adjournment will be taken and immediately thereafter the defendant will proceed [105] to the City of New York, State of New York, and to the office of John A. Shields, Esq., United States Commissioner, situated in the Federal Building, in said City of New York, State of New York, and before the said John A. Shields, Esq., at his office in said Federal Building (on a date and at an hour to be stated at said time of adjournment), will proceed to take the testimony of Park Walters, residing at the said City of New York, State of New York. Adjournments will be taken from day to day and at such time and place as may be necessary for the taking of the deposition without further notice.

At the conclusion of the testimony of the foregoing witness to be taken at New York City, State of New York, an adjournment will be taken and immediately thereafter the defendant will proceed to the

City of Philadelphia, State of Pennsylvania, and to the office of Horace Pettit, Esq., #705 Witherspoon Building, in the City of Philadelphia, State of Pennsylvania, and before Alexander Park, a Notary Public in and for the City of Philadelphia, will proceed to take the testimony of Horace Sheble, Theodore F. Bentel, Ben Stright, Frank J. Osmun, and Fred Browning, residing at Philadelphia, Pennsylvania, and of Louis G. Clarke, residing at Ardmore, Pennsylvania. Adjournments will be taken from day to day and at such time and place as may be necessary for the taking of the depositions of said witnesses without further notice.

At the conclusion of the testimony of the foregoing witnesses to be taken at Philadelphia, Pennsylvania, an adjournment will be taken and immediately thereafter the defendant will proceed to the City of Cleveland, State of Ohio, and to the office of Bertrand C. Miller, Esq., Clerk of the United States District Court, situated in the Federal Building in said [106] City of Cleveland, State of Ohio, and before said Bertrand C. Miller, Esq., at his said office in the said Federal Building, (on a day and at a time to be stated at the time of said adjournment) will proceed to take the testimony of Sam L. Stright, residing at Cleveland, Ohio. Adjournment will be taken from day to day and at such time and place as may be necessary for the taking of the said deposition without further notice.

At the conclusion of the testimony to be taken at Cleveland, Ohio, an adjournment will be taken and immediately thereafter the defendant will proceed

to the City of Chicago, State of Illinois, and to the office of Thomas C. McMillum, Esq., Clerk of the United States District Court, situated in the Federal Building, in said City of Chicago, State of Illinois, and before the said Thomas C. McMillum, Esq., at his office in said Federal Building (on a day and at an hour to be stated at the time of said adjournment), will proceed to take the testimony of Henry Fromme, residing at said City of Chicago, State of Illinois. Adjournment will be taken from day to day and at such time and place as may be necessary for the taking of the said deposition without further notice.

The reason for taking the said depositions at the times and places and before the mentioned officers and in the manner stated is, and the fact is, that all of said witnesses whose testimony is to be taken respectively at Pittsburgh, Pennsylvania; Hartford, Connecticut; New York City, New York; Philadelphia, Pennsylvania; Cleveland, Ohio; and Chicago, Illinois, and each of them live at a greater distance from the place of trial of this cause than one hundred miles, each of the said cities mentioned being situated more than one hundred miles from any place at which a District Court of the United States for the Northern District of California is appointed to be held by law, [107] and more than one hundred miles from the City and County of San Francisco, State of California.

You are invited to be present and cross-examine

the said mentioned witnesses.

Respectfully,

N. A. ACKER,

Attorney for Defendant.

San Francisco, Calif., May 15, 1914. [108]

*In the District Court of the United States for the
Northern District of California, Second Division.*

IN EQUITY—No. 15,623.

SEARCHLIGHT HORN COMPANY,

Plaintiff,

vs.

SHERMAN, CLAY & COMPANY,

Defendant.

(Affidavit of John H. Miller.)

State of California,

City and County of San Francisco,—ss.

JOHN H. MILLER, being duly sworn, deposes and says:

I am the attorney for the plaintiff in this case, and in all of its suits for infringement of its horn patent.

In the affidavit of Andrew G. McCarthy, filed on behalf of the defendant herein it is asserted that the defendant has not sold or offered for sale any of the infringing horns since the decision of the Court of Appeals affirming the order granting an injunction. On that subject I have no positive knowledge, but I do know that since that decision I have visited several retail dealers in musical instruments both in San Francisco and Los Angeles, and have there seen

on sale and offered for sale infringing horns attached to Victor Talking Machines, and these dealers in each case informed me that those horns were obtained from Sherman, Clay & Company, the distributing agent of the Victor Talking Machine Company on the Pacific Coast. These infringing horns are now openly being exposed for sale and offered for sale by the aforesaid retail dealers. How many similar dealers there are offering similar infringing horns obtained from the defendant throughout the Pacific Coast I do not know, as I have investigated only San Francisco and Los Angeles. I also know that there is now in circulation and in [109] use catalogues issued by the Victor Talking Machine Company and distributed by the defendant herein throughout the Pacific Coast, in which there are pictorial illustrations of these infringing horns and a price list thereof, said catalogues being printed not only in English for the purpose of reaching the English speaking people, but in various and sundry other languages to reach people speaking those languages. In the latter part of July, 1914, I called on the Los Angeles house of Sherman & Clay Co., and asked for their latest catalogue, and they furnished me with the same, which I now have in my possession, and in that catalogue there are seven illustrations of infringing horns offered for sale in connection with the Victor Talking Machines, with descriptions of the same and the prices thereof. Furthermore, said catalogue contains a price list of what is therein styled "Victor Flower Horn," in which there are six different sized flower horns with the price of each one stated, and

the person in charge of said store who gave me the catalogue informed me that they had these goods in stock and on sale and were selling the same. I also called at another store in Los Angeles, the Southern California Music Company, and received from them a similar catalogue with a similar statement. I also called on still another dealer in Los Angeles and received there a catalogue of the Victor Talking Machine Company printed in Spanish, another printed in Turkish and another in various and sundry Slavic languages, all containing illustrations of the infringing horns with prices quoted. Under these circumstances I cannot believe the statement of Mr. McCarthy that the defendant has not offered for sale any of these phonographic horns since the decision of the Court of Appeals.

I also note the statement of Mr. McCarthy in his affidavit that all of the horns involved in this suit are subject to any [110] accounting which may be had in the equity suit against the Victor Talking Machine Company in New Jersey and must be accounted for in that case, and that such accounting will dispose of the entire matter involved in the present case, and give the plaintiff all that it is justly entitled to for any infringement that may have been committed by the defendant. This statement is not fully accurate for the reason that some of the horns involved in the present case cannot be accounted for in the case against the Victor Talking Machine Company by reason of the statute of limitations as pointed out in the plaintiff's answer to the defendant's petition herein, the fact being that the suit against the Victor

Company in New Jersey was not commenced until nearly a year after the commencement of the present suit against Sherman, Clay & Company.

I also note the statement in Mr. McCarthy's affidavit that the plaintiff received no revenue from its patent by way of royalties or under any license agreement entered into prior to the commencement of the suits herein mentioned or the granting of licenses for the use of the same. That fact is true and is due entirely to the infringement by the Victor Talking Machine Company and the other phonographic companies whereby the plaintiff's business was broken up and destroyed in 1908.

Referring to the affidavit of Charles K. Haddon on behalf of defendant, I note the statement that so far as the defendant is concerned, the suit against the Victor Talking Machine Company in New Jersey is in a condition to be set for final hearing, at a comparatively early date, dependent entirely upon the action of the plaintiff. This statement is not true so far as the comparatively early date is concerned. The fact [111] is that the calendar of the District Court of New Jersey is so crowded and congested that it will be a very long time, how long is unknown, before that case can be brought to trial. It was called at a recent calendar of that court and the presiding judge stated that if it was to be tried in court there was no telling when it would be reached, that it was impossible to fix the date for the trial on account of the crowded condition of the calendar, and it went over indefinitely in order to await the determination of the large number of cases in that

court which were ahead of it and which would have to be tried before this case could be reached. It is a matter of uncertainty when the case can be reached for trial, but I am advised by my associate counsel in that case, who resides in New Jersey, and is more familiar with the matter than I am, that there is no possible way of telling when the case can be brought on for hearing due to the crowded condition of the calendar and that in his opinion it will be at least a year before we could get to trial. I have done everything I reasonably can do by stipulation with opposing counsel to speed that case, and in that behalf I have stipulated that the depositions which have been taken in the case at bar may be offered in evidence in the New Jersey case without the necessity of retaking that testimony, and that copies of the same might be offered in evidence in the New Jersey case with the same force and effect as if actually taken therein. I did this at the request of the attorneys for defendant in this case and in the New Jersey case, both to save expense and to speed the cause.

I note the further statement in the affidavit of Mr. Haddon that he is informed and believes that the plaintiff has threatened and still threatens to bring many other similar suits against many of the dealers of the Victor Talking Machine Company. This statement I deny. I have charge of the [112] plaintiff's litigation and I have no intention at the present time of pursuing that course. One of my reasons for not doing so is that the plaintiff is with-

out sufficient financial means to institute and carry on said litigation.

I also note in Mr. Haddon's affidavit the further statement that unless plaintiff is restrained it will bring innumerable suits in the Northern District of California against Victor dealers. This statement I likewise deny.

I also note the statement in Mr. Haddon's affidavit that all the horns involved in this case can and will be accounted for in the suit against the Victor Company of New Jersey. I have already pointed out that this is not correct for the reason that many of the horns involved in this case would be barred from an accounting in the New Jersey case by reason of the statute of limitations.

I also note the statement that the bringing of suits against dealers will entail irreparable injury and damage to the Victor Talking Machine Company, and cause it to lose its customers and dealers. All of this I deny and characterize the statement as a pretense and a sham, for one reason among others that the Victor Company guarantees all of its dealers against infringement suits and takes charge thereof and defends the same.

I also note the statement in Mr. Haddon's affidavit that he believes that the purpose of plaintiff is to harass and annoy the Victor Talking Machine Company's customers and to put them to needless expense and destroy and break down the business of the Victor Company. This I likewise deny most emphatically. I have no such intention or desire. In fact, it was for the purpose of avoiding any such

charge as this, among other reasons, that I instituted and prosecuted the present [113] suit as a test case, thinking and hoping that a favorable decision therein for the plaintiff would induce the Victor Talking Machine Company to settle the litigation and prevent any further expenses or trouble on either part. The action at law and the suit in equity against the Sherman, Clay & Company have always been treated by us as test cases, and inasmuch as they were both defended by the Victor Talking Machine Company without expense to the defendant herein, as I am informed and believe, I can see no hardship to the Victor Company or anyone else in allowing us to prosecute this suit first before prosecuting the New Jersey case.

To compel us to prosecute the New Jersey case first would entail great cost, expense and hardship on the plaintiff, because it would compel me to go to New Jersey to try the case and my client is impecunious and without financial means to prosecute this litigation other than what it can borrow and that at a great sacrifice, whereas the Victor Talking Machine Company is a very rich corporation and can afford to expend any amount of money in this litigation, if thereby it can weaken and deter the plaintiff from further proceeding with its litigation. It will be a far greater hardship on the plaintiff to compel it to try its New Jersey case first than it would be on the Victor Talking Machine Company to try the present case first in California.

I can try the present case in California at a comparatively small expense to my client, but cannot try

the case in New Jersey first without a very large expense.

Furthermore, if I am compelled to try the New Jersey case first, the litigation will be delayed and extended to a much longer period of time that if I try the California case first.

And still further, it is a matter of great tactical [114] advantage for me to try the California case first for the reason that it is being defended by the Victor Talking Machine Company and in case of a favorable judgment for my client, I can plead that judgment in the New Jersey case as *res adjudicata* and in that event the judgment in the New Jersey case in favor of the plaintiff would follow as a matter of course, and without much cost or expense. I think my client is entitled to this tactical advantage, and I insist that it is one of our rights to proceed with the California case first, not only because it is for the best interests of my client but because it will shorten the litigation.

JOHN H. MILLER.

Subscribed and sworn to before me this 12th day of August, 1914.

[Seal]

W. W. HEALEY,

Notary Public in and for the City and County of San Francisco, State of California.

Service of the within answer and affidavit admitted this 12th day of Aug. A. D. 1914.

N. A. ACKER,

Atty. for Deft.

[Endorsed]: Filed Aug. 12, 1914. W. B. Maling, Clerk. By J. A. Schaertzer, Deputy Clerk. [115]

*In the District Court of the United States for the
Northern District of California, Second Division.*

IN EQUITY—No. 15,623.

SEARCHLIGHT HORN COMPANY,

Plaintiff,

vs.

SHERMAN, CLAY & COMPANY,

Defendant.

Stipulation for Continuance.

It is hereby stipulated and agreed by and between the parties to the above-entitled suit that the trial of the said case which has heretofore been set for August 25, 1914, be postponed until the November, 1914, Term of said court, and that at said November 1914 Term the case shall be tried without further objection from defendant or any further motion for a continuance.

And in consideration of the making of the above stipulation on the part of the plaintiff's attorney, it is stipulated and agreed that the defendant in the case of Searchlight Horn Co. vs. Victor Talking Machine Company, No. 394, in the District Court of the United States for the District of New Jersey, shall not without the written consent of the plaintiff's attorney bring that case on for final hearing or take any step in that direction prior to the final hearing of the above-entitled case at the time pro-

vided for in the above stipulation.

MILLER & WHITE,
Attorneys and Counsel for Plaintiff in Both said
Cases.

HORACE PETTIT,
N. A. ACKER,
Attorneys and Counsel for Defendants in Both Said
Cases.

Dated August 19, 1914.

[Endorsed]: Filed August 24, 1914. Walter B.
Maling, Clerk. [116]

*In the District Court of the United States, Northern
District of California, Second Division.*

No. 15,623—IN EQUITY.

SEARCHLIGHT HORN COMPANY, a Corpora-
tion,

Plaintiff,

vs.

SHERMAN, CLAY & COMPANY, a Corporation,
Defendant.

Memorandum Opinion.

MILLER & WHITE, for Plaintiff.

NICHOLAS A. ACKER, for Defendant.

VAN FLEET, District Judge.

On the motion to stay or enjoin the further prosecution of the present action until the trial and determination of the suit by the same plaintiff against the Victor Talking Machine Company since brought in the District Court of New Jersey, I find on further

examination of the case that the impression gained by me at the argument that the application was ruled by the principles announced in *Stebler vs. Riverside etc. Association*, 211 Fed. 985, and *Allis vs. Stowell*, 16 Fed. 783, and other cases of like character relied on by the petitioner, was erroneous. Those cases all present instances where the plaintiff, having sued the infringing manufacturer, was enjoined from maintaining suits against individual users of the device purchased from such manufacturer, upon the principle that a recovery against the latter would [117] fully compensate the plaintiff for the damages suffered by reason of the fact that the accounting would necessarily include the profits gained from all sales to such users and thus operate as a license to the latter; and that consequently to permit a multiplicity of suits against the users before the determination of the main case would be oppressive and vexatious. But that it is not this case. The New Jersey suit is not against the manufacturer or primary infringer. The defendant in that case is itself a buyer from the manufacturer, who sells or ships the devices in suit to the defendant here and other dealers for re-sale to still other and smaller dealers, who in turn sell to the ultimate users. The defendant in this case is therefore a distributor or dealer in the alleged infringing articles standing on a precisely similar plane under the law as the defendant in the New Jersey suit, and is not a user; and the object of this suit is to enjoin such sale and distribution, with the recovery of damages for the infringing acts, precisely as is the object of the suit

against the New Jersey defendant. In other words, the defendant in this case and the defendant in the New Jersey case are guilty of precisely like acts of violation of plaintiff's rights, differing only in degree but not in kind. They are both tort-feasors and are equally liable to a suit by plaintiff at its pleasure or election. Under these circumstances the plaintiff was entirely within its rights in bringing this action and maintaining it; and the suit here having been first brought, and this Court having thereby first obtained jurisdiction, and the cause being now ready for trial, and moreover, as appears from the showing, defended by the same party who is defendant in the New Jersey suit, there is nothing presented in the cases relied on which [118] in equity or good conscience should dictate a postponement to await the disposition of the case against one standing in substantially the same relation to the subject-matter. The incidental fact that the present defendant purchased or procured the offending devices from the defendant in the New Jersey case does not, within the principles of those cases, alter in any legal sense the right of plaintiff to proceed against it; and it is in that aspect that we are dealing with the rights of the parties. Could plaintiff have a full recovery in the New Jersey case for all the damages suffered from the acts of the defendant here, there would perhaps be more analogy between this case and those relied on, but the facts show that by reason of the intervention of the statute of limitations the same extent of relief sought against the present defendant under the allegations of the bill could not be

had against the New Jersey defendant.

Under all the circumstances, and having in mind the history of the litigation between the parties here, I am of opinion that it would be inequitable to deny plaintiff the right to proceed. That this action is being prosecuted or other actions threatened in any oppressive or vexatious spirit, I regard as fully negatived by the showing made in opposition to the motion; and should such spirit manifest itself by any future act of the plaintiff it will always be within the power of the Court, upon proper application, to protect defendant, or those whom it represents, against its effect.

The application for a stay is denied.

In the matter of the motion pending in this case to strike out certain features of the answer, upon full consideration I am of the opinion that the matter can best be controlled at the trial in rulings upon the evidence when presented; and in that [119] view the motion will be denied, without prejudice to the right of the defendant to interpose any proper objection to evidence deemed to be within the features of the answer sought to be stricken.

[Endorsed]: Filed Aug. 19, 1914. Walter B. Mal-
ing, Clerk. [120]

*In the District Court of the United States, Northern
District of California, Second Division.*

No. 15,623—IN EQUITY.

SEARCHLIGHT HORN COMPANY, a Corpora-
tion,

Plaintiff,

vs.

SHERMAN, CLAY & COMPANY, a Corporation,
Defendant.

Petition for Order Allowing Appeal.

Sherman, Clay & Company, the above-named defendant, conceiving itself aggrieved by the order made and entered by said Court in the above-entitled cause on the 19th day of August, 1914, denying defendant's motion that complainant be enjoined and restrained from the further prosecution of the above-entitled suit and from bringing any other suit or suits within the jurisdiction of this Court against vendees of Photographic Horns, alleged to be an infringement of United States Letters Patent No. 771,441, and secured from the vendor thereof, the Victor Talking Machine Company, party defendant to Equity Suit No. 394, pending in the United States District Court for the District of New Jersey, entitled Searchlight Horn Company vs. Victor Talking Machine Company, comes now by N. A. Acker, Esq., its solicitor and counsel, and petitions said Court for an order allowing defendant to prosecute an appeal from said order denying said injunction and restraining order unto defendant as aforesaid, to the

Honorable, the United States Circuit Court of Appeals for the Ninth Circuit, under and according to the laws of the United States in that behalf made and provided; and also that an order be made fixing the sum of security which defendant shall give and furnish upon such an appeal, and that upon the giving of said security, further proceedings in this court shall be stayed pending the determination of said appeal by the United [121] States Circuit Court of Appeals for the Ninth Circuit.

And your petitioner will ever pray.

N. A. ACKER,

Solicitor and of Counsel for Deft.

[Endorsed]: Filed Sept. 17, 1914. Walter B. Maling, Clerk. [122]

*In the District Court of the United States, Northern
District of California, Second Division.*

No. 15,623—IN EQUITY.

SEARCHLIGHT HORN COMPANY, a Corporation,

Plaintiff,

vs.

SHERMAN, CLAY & COMPANY,

Defendant.

Assignment of Errors.

Comes now the defendant above named and specifies and assigns the following as errors upon which it will rely upon its appeal to the United States Circuit Court of Appeals for the Ninth Circuit, from

the decree or order of August 19th, 1914, refusing to enjoin and restrain complainant in the above-entitled suit.

First. That the District Court of the United States, Northern District of California, Second Division, erred in refusing defendant's said motion.

Second. That said Court erred in denying unto the defendant an order adjudging or decreeing that complainant be enjoined or restrained from any further prosecution of the suit against the said defendant in this circuit, until the determination of the suit now pending in the District Court of the United States for the District of New Jersey, between the complainant herein and the Victor Talking Machine Company, vendor of the above-named defendant.

Third. That said Court erred in not ordering, adjudging or decreeing that complainant be enjoined or restrained from bringing within its jurisdiction any other suit or suits against vendees of the said vendor, Victor Talking Machine Company, until the determination of Equity Suit No. 394, now pending in the United States District Court for the District of New [123] Jersey, between the complainant herein and the said Victor Talking Machine Company.

Fourth. That said Court erred in holding that any judgment which could be rendered in said Equity Suit No. 394, now pending in the District Court of the United States for the District of New Jersey, between the Complainant herein and the Victor Talking Machine Company, would not oper-

ate as a license to all or any of the vendees of the said Victor Talking Machine Company, to sell and dispose of the alleged infringing Phonographic Horns in the possession of the said vendees.

Fifth. That said Court erred in not holding that where a patentee, situated as complainant herein, recovers from an infringing vendor damages and profits on account of the infringement, and the judgment is paid, the vendee or vendees of such vendor has the same right to such patented article as he would have were he a licensee from the patentee.

Sixth. That said Court erred in not holding that the continued prosecution of the present suit and the right to bring and prosecute within its jurisdiction other suits against vendees of the Victor Talking Machine Company, is and would be oppressive.

Seventh. That said Court erred in refusing unto the defendant herein, the relief prayed for by its said motion, and as set forth in the petition accompanying the same.

In order that the foregoing assignment of errors may be and appear of record, the defendant presents the same to the Court and prays that such disposition may be made thereof as in accordance with the law of the United States.

Wherefore, the said defendant prays that the said Order of this Court made and entered on the 19th day of August, 1914, denying its motion to enjoin and restrain the complainant herein, be reversed and that the United States District Court, Northern [124] District of California, Second Division, be directed to enter an order setting aside the said

order or decree of August 19th, 1914.

All of which we respectfully submit.

N. A. ACKER,

Solicitor and Counsel for Defendant.

[Endorsed]: Filed Sept. 17, 1914. Walter B. Mal-
ing, Clerk. [125]

*In the District Court of the United States, Northern
District of California, Second Division.*

No. 15,623—IN EQUITY.

SEARCHLIGHT HORN COMPANY, a Corpora-
tion,

Plaintiff,

vs.

SHERMAN, CLAY & COMPANY, a Corporation,
Defendant.

Order Allowing Appeal, etc.

In the above-entitled cause, the defendant, Sher-
man, Clay & Company, having filed its Petition for
an Order allowing an Appeal from the Order of this
Court made and entered August 19th, 1914, together
with its assignment of errors:

Now, upon motion of N. A. Acker, Esq., solicitor
for defendant, it is ordered that said Appeal be, and
hereby is, allowed to defendant, Sherman, Clay &
Company, to the United States Circuit Court of Ap-
peals for the Ninth Circuit, from said decree or
order made and entered by this Court in this cause
on August 19th, denying that complainant be en-
joined and restrained from any further prosecution

of the foregoing suit and from bringing any other suit or suits within the jurisdiction of this Court against vendees of the vendor of the Phonographic Horns alleged to be an infringement of United States Letters Patent No. 771,441, and that the amount of defendant's bond upon said appeal be and the same is fixed at \$500.00, and it is further ordered that upon the filing of such security, a certified transcript of the records and proceedings herein be transmitted to the said United States Circuit Court of Appeals for the Ninth Circuit, in accordance with the Rules in Equity of the Supreme Court of the United States and the statutes made and provided.

WM. C. VAN FLEET,
District Judge.

September 16th, 1914.

[Endorsed]: Filed Sep. 17, 1914. W. B. Maling,
Clerk. By J. A. Schaertzer, Deputy Clerk. [126]

*In the District Court of the United States, Northern
District of California, Second Division.*

No. 15,623—IN EQUITY.

SEARCHLIGHT HORN COMPANY, a Corpora-
tion,

Plaintiff,

vs.

SHERMAN, CLAY & COMPANY, a Corporation,
Defendant.

Bond on Appeal.

KNOW ALL MEN BY THESE PRESENTS,
That Fidelity & Deposit Company of Maryland, a

corporation duly organized and existing under and by virtue of the laws of the State of Maryland, and duly licensed to transact business in the State of California, is held and firmly bound unto Searchlight Horn Company, a Corporation (complainant in the above-entitled suit), in the sum of Five Hundred Dollars (\$500.00) to be paid unto the Searchlight Horn Company, its successors and assigns, for which payment well and truly to be made, the Fidelity & Deposit Company of Maryland binds itself, its successors and assigns, firmly by these presents, sealed with its corporate seal and dated this 23d day of September, 1914.

The condition of the above obligation is such that whereas the said Sherman, Clay & Company (defendant in the above-entitled suit), has taken an appeal to the United States Circuit Court of Appeals for the Ninth Circuit, to reverse an order or decree made, rendered and entered on the 19th day of August, 1914, by the District Court of the United States, Northern District of California, Second Division, in the above-entitled cause denying unto the said defendant an order adjudging or decreeing that the above-named complainant be enjoined or restrained from the further prosecution of the above-entitled suit in the District Court of the United States, Northern District of California, Second Division, and from bringing within its jurisdiction any other suit or [127] suits against vendees of the Victor Talking Machine Company, pending the determination of Equity Suit No. 394, now pending in the United States District Court for the District of

New Jersey, between the complainant to the above-entitled suit and Victor Talking Machine Company, vendor of the Sherman, Clay & Company, *vendor of the Sherman, Clay & Company*, defendant in the above-entitled suit, for infringement of United States Letters Patent No. 771,441, granted Peter Nielsen, October 4th, 1904, for improved Phonographic Horn.

NOW, THEREFORE, the condition of the above obligation is such that if the said Sherman, Clay & Company shall prosecute its said appeal to effect and answer all costs which may be adjudged if it fails to make good its plea, then this obligation shall be void otherwise to remain in full force and effect.

FIDELITY AND DEPOSIT COMPANY
OF MARYLAND.

By PAUL M. NIPPERT,

Attorney in Fact.

[Seal] Attest: GUY LEEROY STEVICK,

Agent.

Approved Sept. 23, 1914.

WM. C. VAN FLEET,

Judge.

[Endorsed]: Filed Sep. 24, 1914. W. B. Maling,
Clerk. By J. A. Schaertzer, Deputy Clerk. [128]

UNITED STATES OF AMERICA.

District Court of the United States, Northern District of California.

CLERK'S OFFICE.

No. 15,623.

SEARCHLIGHT HORN CO.,

Complainant,

vs.

SHERMAN, CLAY & COMPANY,

Defendant.

Praeipce [for Transcript of Record].

To the Clerk of Said Court:

Sir: Please prepare transcript on appeal as follows: Bill of Complaint and Supplemental Complaint; Answer; Notice of Motion and Petition to Enjoin Prosecution of Suits for Infringement, with Affidavits and Exhibits Attached; Plaintiff's Answer and Affidavit on Defendant's Petition; Memorandum Opinion and Order Denying Motion; Petition for Appeal; Assignment of Errors; Order Allowing Appeal; and Bond on Appeal.

N. A. ACKER,

Attorney for Def.

[Endorsed]: Filed Oct. 9, 1914. W. B. Maling, Clerk. By J. A. Schaertzer, Deputy Clerk. [129]

UNITED STATES OF AMERICA.

District Court of the United States, Northern District of California.

CLERK'S OFFICE.

No. 15,623.

SEARCHLIGHT HORN CO.

vs.

SHERMAN-CLAY.

Praecipe for Further Record on Appeal.

To the Clerk of Said Court:

SIR: Please add in making up record on appeal from order denying motion to suspend the stipulation of parties filed August 24, 1914 signed Miller & White for Plff. N. A. Acker & Horace Pettit for deft.

JOHN H. MILLER,

Attorney for Plff.

[Endorsed]: Filed Oct. 30, 1914. W. B. Maling, Clerk. By J. A. Schaertzer, Deputy Clerk. [130]

In the District Court of the United States, in and for the Northern District of California, Second Division.

No. 15,623.

SEARCHLIGHT HORN COMPANY,

Complainant,

vs.

SHERMAN, CLAY & COMPANY,

Defendant.

**Certificate [of Clerk U. S. District Court] to Record
on Appeal.**

I, WALTER B. MALING, Clerk of the District Court of the United States, in and for the Northern District of California, do hereby certify the foregoing one hundred thirty (130) pages, numbered from 1 to 130 inclusive, to be a full, true and correct copies of the records and proceedings as enumerated in the praecipes for transcript of record, as the same remain on file and of record in the above-entitled cause, and that the same constitute the record on appeal to the United States Circuit Court of Appeals for the Ninth Circuit.

I further certify that the cost of the foregoing transcript of record is \$74.40; that said amount was paid by N. A. Acker, attorney for defendant; and that the original Citation issued in said cause is hereto annexed.

IN TESTIMONY WHEREOF, I have hereunto set my hand and affixed the seal of said District Court, this 14th day of November, A. D. 1914.

[Seal]

WALTER B. MALING,
Clerk.

By J. A. Schaertzer,
Deputy Clerk. [131]

Citation on Appeal.

UNITED STATES OF AMERICA,—ss.

The President of the United States to Searchlight
Horn Company, Greeting:

You are hereby cited and admonished to be and
appear at a United States Circuit Court of Appeals

for the Ninth Circuit, to be holden at the City of San Francisco, in the State of California, within thirty days from the date hereof, pursuant to an order allowing an appeal, of record in the Clerk's Office of the United States District Court for the Northern District of California, Second Division, wherein Sherman, Clay & Company is appellant, and you are appellee, to show cause, if any there be, why the decree rendered against the said applicant, as in the said order allowing appeal mentioned, should not be corrected, and why speedy justice should not be done to the parties in that behalf.

WITNESS, the Honorable WILLIAM C. VAN FLEET, United States District Judge for the Northern District of California, this 24th day of September, A. D. 1914.

WM. C. VAN FLEET,

United States District Judge. [132]

Reed. copy within Citation Sept. 28, 1914.

JNO. H. MILLER,

Atty. for Appellee.

[Endorsed]: No. 15,623. United States District Court for the Northern District of California, Second Division. Sherman, Clay & Company, Appellant, vs. Searchlight Horn Company. Citation on Appeal. Filed Oct. 10, 1914. W. B. Maling, Clerk. By J. A. Schaertzer, Deputy Clerk.

[Endorsed]: No. 2519. United States Circuit Court of Appeals for the Ninth Circuit. Sherman, Clay & Company, a Corporation, Appellant, vs.

Searchlight Horn Company, a Corporation, Appellee. Transcript of Record. Upon Appeal from the United States District Court for the Northern District of California, Second Division.

Received and filed November 20, 1914.

FRANK D. MONCKTON,

Clerk of the United States Circuit Court of Appeals
for the Ninth Circuit.

By Meredith Sawyer,
Deputy Clerk.

*United States Circuit Court of Appeals for the Ninth
Circuit.*

SHERMAN, CLAY & COMPANY,

Appellant,

vs.

SEARCHLIGHT HORN COMPANY,

Appellee.

**Order Extending Time to File Record and to Docket
Cause.**

Good cause appearing therefor, it is ordered that the appellant herein have to and including November 21st, 1914, within which to file its record on appeal and to docket the suit in the United States Circuit Court of Appeals for the Ninth Circuit.

Dated October 23, 1914.

WM. W. MORROW,

United States Circuit Judge, Ninth Judicial Circuit.

[Endorsed]: No. 2519. United States Circuit Court of Appeals for the Ninth Circuit. Order Under Rule 16 Enlarging Time to Nov. 21, 1914, to File Record Thereof and to Docket Case. Filed Oct. 23, 1914. F. D. Monckton, Clerk. Re-filed Nov. 20, 1914. F. D. Monckton, Clerk.

